CITY OF SAN ANTONIO, TEXAS
SINGLE AUDIT REPORT
For Year Ended September 30, 2000

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CITY OF SAN ANTONIO, TEXAS
SINGLE AUDIT REPORT
For Year Ended September 30, 2000

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Letter of Transmittal

CITY OF SAN ANTONIO

P O BOX 839966
SAN ANTONIO, TEXAS 78283-3966

June 27, 2001

To the Honorable Mayor and City Council:

It is my pleasure to present to you the City of San Antonio's Financial and Compliance Report on State Grants (Single Audit Report) for the fiscal year ended September 30, 2000.

This report has been audited by the City's Independent Auditors, KPMG LLP, Garza/Gonzalez & Associates, and Robert J. Williams, CPA, and has been prepared in accordance with the *State of Texas Single Audit Circular*. The report is comprised of the City's General Purpose Financial Statements, Schedule of Expenditures of State Awards, the Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* and the *State of Texas Single Audit Circular*, a Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With the *State of Texas Single Audit Circular*, and Schedule of Findings and Questioned Costs. The Schedule of Expenditures of Federal Awards is published in a separate report entitled Financial and Compliance Report on Federal Grants "Single Audit Report".

The City was awarded a total of \$5.755 million in State assistance for the fiscal year ended September 30, 2000, compared to \$5.411 million the previous fiscal year. The net increase of \$.344 million is reported in the following categories:

Social Services	$	480,000
Interlibrary Services		(893,027)
Public Health		696,111
Criminal Justice		(35,904)
Environmental Quality		97,319
Total Net Decrease	$	344,499

The majority of the decrease in the Interlibrary Services category is attributed to the one time allocation in fiscal year 1999 from the Telecommunications Infrastructure Fund Board (TIFB) for the UTHSCSA Internet Collaborative Project in the amount of \$642,279 and the Technology Advancement Project for \$218,600. The decrease in the Public Health category is attributed to decreased funding in the Public Health State Support Project.

A summary schedule reflecting amounts of categorical and block grants awarded the City in fiscal year 2000 as compared to the preceding year is presented on page v. In addition, for your convenience, a list of acronyms identifying grantor agencies used in this report is provided on page vi.

Information on each of the categorical grants is presented below as it relates to state financial assistance. Information as it relates to federal financial assistance awarded to the City for the fiscal year ended September 30, 2000, is published under a separate report entitled Financial and Compliance Report on Federal Grants "Single Audit Report."

CATEGORICAL GRANTS

Social Services - $480,000

The Community Initiatives Department received Personal Attendant Services (PAS) grant funds from the Texas Department of Human Services totaling $480,000. This program provides in-home services to disabled individuals 18 years and older who are unemployed. The PAS program will serve approximately 30-40 clients monthly.

Interlibrary Services - $310,370

In fiscal year 2000, the City was awarded Interlibrary Services grants totaling $310,370, which compares to $1,203,397 awarded to the City in the previous year. The decrease is mainly attributed to a one time grant from UTHSCSA for an Internet Collaborative Project in the amount of $642,279. The San Antonio Public Library acts as the State designated Major Resource Center in Library District 10 (Bexar & 20 surrounding counties) of the State Library System, and is charged with utilizing grants provided by the Texas State Library System (TSL) to provide library books and materials to libraries in the District.

Public Health - $3,764,742

In fiscal year 2000, the City was awarded Public Health grants totaling $3,764,742, which compares to $3,068,631 awarded to the City in the previous year. The Texas Department of Health awarded $2,974,774 to the San Antonio Metropolitan Health District (SAMHD) to supplement the delivery of comprehensive public health services to protect the health of all citizens in the San Antonio and the unincorporated areas of Bexar County. The Texas Commission on Alcohol and Drug Abuse (TCADA) awarded the San Antonio Metropolitan Health District a $289,968 grant to administer the San Antonio Regional Detoxification Program. The program provides in-patient nursing and support services for low-risk adult men and women who are withdrawing from alcohol and/or substance abuse. As a result of the Texas Tobacco Settlement, the University Health System (UHS), through the State Comptroller's Office (SC), was allocated $30 million for support of public health programs in the community. The Health Department received two grants from UHS; the Diabetes Registry 2000 Program for $150,000 and the Women's Health Program 2000 for $350,000. The SAMHD will organize and implement a diabetes registry of local residents with diabetes in San Antonio and Bexar County which will yield baseline information to track the prevalence of this disease in the local area. The Women's Health Program 2000 will be used to assist women below the age of 22 years who have three or more children, with the development of good health and parenting behaviors.

Public Health State Support Project	(TDH)	$	2,974,774
San Antonio Regional Detoxification Project	(TCADA)		289,968
Diabetes Registry 2000 Program	(SC/UHS)		150,000
Women's Health Program 2000	(SC/UHS)		350,000
Total FY 2000 Awards		$	3,764,742

Criminal Justice - $1,065,678

The City in fiscal year 2000, was awarded Criminal Justice grants totaling $1,065,678, which compares to $1,101,582 awarded to the City in the previous year. The Code Compliance Department received a $45,602 grant from the Natural Resource Conservation Commission (TNRCC) through the Alamo Area Council of Governments (AACOG) to support programming related to municipal enforcement of anti-dumping laws. The Police Department received a $1,000,000 grant from the Texas Automobile Theft Prevention Authority (TATPA) to lower the automobile theft rate by instituting innovative enforcement and theft prevention techniques. The funds from TATPA are attained through a $1.00 surcharge to insured motorists. The Department of Community Initiatives received a grant from the Office of the Governor, Criminal Justice Division (CJD) for the 5th and final year in support of the Runaway Youth Program in the amount of $7,576. The program is a comprehensive approach for tracking and addressing the problem of juveniles who are reported as missing persons. The program attempts to intervene with youth and their families in an effort to link families with appropriate community services, which include psychological counseling, parenting classes and emergency shelter. The Police Department also received a $12,500 grant from State Comptroller of Public Accounts to enforce new regulations provided by Texas Senate Bill 55 concerning the sale, distribution and use of tobacco products.

Code Compliance Enforcement Project 1999-00	(TNRCC/AACOG)	$	45,602
Regional Auto Crimes Team Program 1999-00	(TATPA)		1,000,000
Runaway Youth/5	(CJD)		7,576
Tobacco Compliance Grant-Year 3	(SCPA)		12,500
Total FY 2000 Awards		$	1,065,678

Environmental Quality - $134,459

Environmental Quality grants totaling $134,459 were awarded in fiscal year 2000, which compares to $37,140 awarded to the City in the previous year. The Texas Natural Resources Conservation Commission (TNRCC) awarded the City's Public Works Department a $51,959 Collection/Reduction of Waste Material and a $82,500 Household Hazardous Waste Collection grant for the purchase of equipment and supplies to support programming related to recycling and solid waste stream reductions.

Collection/Reduction of Waste Material	(TNRCC/AACOG)	$	51,959
Household Hazardous Waste Collection Program	(TNRCC/AACOG)		82,500
Total FY 2000 Awards		$	134,459

STATE COORDINATING AGENCY

The *State of Texas Single Audit Circular* designates the selection of a State "coordinating" agency for each grantee's Single Audits. The Criminal Justice Division of the State of Texas, Office of the Governor, was designated as the State coordinating agency for the City of San Antonio. This report, as in the past, has been submitted to this agency for its review and approval.

PAST & CURRENT YEAR AUDIT FINDINGS

Under the Single Audit process, grantor agencies require the resolution of any audit findings or questioned costs. The City diligently pursues the resolution of audit findings or questioned costs with grantor agencies. A detailed account of findings associated with the fiscal year ended September 30, 2000, is presented in the "Schedule of Findings and Questioned Costs" beginning on page 103 of this report. A summary schedule entitled, City of San Antonio's "Corrective Action Plan for the year ended September 30, 2000" and "Summary Schedule of Prior Audit Findings", is available under separate cover. The "Corrective Action Plan" schedule describes the City's planned corrective action in response to current year's findings and questioned costs, while the "Summary Schedule of Prior Audit Findings" provides information on the status of findings in the prior years audit. The City continues its efforts to resolve each of these findings with the respective grantor agency.

CONCLUSION

During fiscal year 2000, as in past years, the City has been the recipient of State grants in support of acquisition of facilities, construction of public improvements, and operation of programs, which the City would have been unable to undertake from local resources. These State grants have materially contributed to enhancing the quality of life for the citizens of San Antonio.

I extend my sincere appreciation to the City Council for its dedicated work in its authorizations of our grant programs and its leadership along with the City Manager, Assistant City Managers, Assistant to the City Manager, Executive Directors and their staff, and to all the City Departments who administered these grant programs. Additionally, I would also like to express my appreciation to the staff of the Finance Department, particularly the staff of the Accounting Division for their financial accounting of these grant programs, and to our independent auditors, KPMG LLP, Garza/Gonzalez & Associates and Robert J. Williams, CPA, for their professional assistance in the preparation of this Report.

Respectfully submitted,

Milo Nitschke
Acting Director
Finance Department

CITY OF SAN ANTONIO, TEXAS
SCHEDULE OF STATE GRANTS AWARDED IN FISCAL YEAR 2000
(With Comparative Numbers for Fiscal Year 1999)

Grant Type	Fiscal Year 99-00	Fiscal Year 98-99	Variance Increase (Decrease)
CATEGORICAL GRANTS			
Social Services	$ 480,000	$ 0	$ 480,000
Interlibrary Services	310,370	1,203,397	(893,027)
Public Health	3,764,742	3,068,631	696,111
Criminal Justice	1,065,678	1,101,582	(35,904)
Environmental Quality	134,459	37,140	97,319
Total Categorical Grants	$ 5,755,249	$ 5,410,750	$ 344,499

GRANTING AGENCY AND PROGRAM ACRONYMS

AACOG	-	Alamo Area Council of Governments
CJD	-	Criminal Justice Division
PAS		Personal Attendant Services
SAMHD	-	San Antonio Metropolitan Health District
SCPA	-	State Comptroller of Public Accounts
TATPA	-	Texas Automobile Theft Prevention Authority
TCADA	-	Texas Commission on Alcohol and Drug Abuse
TDH	-	Texas Department of Health
TDHS	-	Texas Department of Human Services
TIFB	-	Telecommunications Infrastructure Fund Board
TNRCC	-	Texas Natural Resources Conservation Commission
TSL	-	Texas State Library
UHS		University Health System

City of San Antonio
Texas

General Purpose Financial Statements

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2000
(With comparative totals for September 30, 1999)
(In Thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
ASSETS AND OTHER DEBITS	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
Assets:						
Cash and Cash Equivalents	$ 9,346	$ 15,210	$ 18,599	$ 61,973	$ 2,902	$ 13,499
Security Lending Collateral-Cash and Cash Equivalents						
Investments	41,881	58,405	65,417	108,751	14,844	68,923
Receivables:						
Taxes, Including Interest, Penalties and Liens	18,678		12,639			
Less Allowances for Uncollectibles	(3,322)		(2,248)			
Other Accounts	3,588	270			227	86
Notes		4,350	702			320
Accrued Interest	804	712	781	1,325	242	784
Accrued Revenue	35,690	6,960			7,323	
Prepaid Expenditures	19		2			
Due from Other Funds	13,664	2,668	206		226	187
Due from Other Governmental Agencies	328	22,763		4,103	127	664
Inventories of Materials and Supplies, at Cost	3,226	1,238			866	1,866
Prepayments					1,673	
Deposits				455		522
Restricted Assets:						
Cash and Cash Equivalents					25,005	
Investments					57,195	
Receivables - Accrued Interest					672	
Due from Other Funds					366	
Fixed Assets (Net of Accumulated Depreciation)					258,881	39,072
Unamortized Debt Expense					2,518	
Other Debits:						
Amount Available in Debt Service Fund						
Amount to be Provided for Retirement of General Long-Term Debt						
Total Assets and Other Debits	$ 123,902	$ 112,576	$ 96,098	$ 176,607	$ 373,067	$ 125,923

The notes to the financial statements are an integral part of this statement.

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2000
(With comparative totals for September 30, 1999)
(In Thousands)

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)			TOTALS (MEMORANDUM ONLY)	
	GENERAL	GENERAL					
TRUST AND AGENCY	FIXED ASSETS	LONG-TERM DEBT	PRIMARY GOVERNMENT	COMPONENT UNITS		REPORTING ENTITY	
				GOVERNMENTAL	PROPRIETARY	2000	1999
$ 71,805	$ 0	$ 0	$ 193,334	$ 6,959	$ 7,627	$ 207,920	$ 242,206
135,554			135,554			135,554	110,166
1,442,620			1,800,841	445	126,091	1,927,377	1,651,237
			31,317			31,317	29,193
			(5,570)			(5,570)	(4,718)
6,878			11,049	7,946	130,201	149,196	147,278
			5,372	2,728	3,098	11,198	10,262
6,335			10,983		392	11,375	11,636
273			50,246			50,246	43,628
			21			21	14
			16,951			16,951	20,747
51			28,036	8,239	19	36,294	29,260
			7,196	476	106,011	113,683	93,969
76			1,749		22,017	23,766	9,273
			977			977	457
			25,005		3,848	28,853	66,571
			57,195		582,294	639,489	741,108
			672			672	470
			366			366	
355	2,208,380		2,506,688	67,247	5,661,847	8,235,782	7,763,031
			2,518		20,753	23,271	18,137
		85,109	85,109			85,109	81,908
		931,330	931,330	18,787		950,117	940,932
$ 1,663,947	$ 2,208,380	$ 1,016,439	$ 5,896,939	$ 112,827	$ 6,664,198	$ 12,673,964	$ 12,006,765

(Cont'd)

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2000

(With comparative totals for September 30, 1999)
(In Thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
LIABILITIES AND EQUITY AND OTHER CREDITS						
Liabilities:						
Vouchers Payable	$ 2,733	$ 10,139	$ 0	$ 5,877	$ 1,012	$ 3,233
Deferred Revenues	21,163	4,350	10,391		617	
Accounts Payable-Other	1,587	2,318	554	15,458	9,042	38,853
Accrued Payroll	2,295	944			607	333
Accrued Leave Payable	2,857	539			2,036	1,031
Accrued Interest					1	7
Lease Purchase Agreements - Current						336
Lease Purchase Agreements - Long-Term						720
Matured Bonds and Interest Payable			9			
Payable from Restricted Assets:						
Vouchers Payable					514	
Other Payables					2,305	
Accrued Revenue Bond and Certificate Interest					2,158	
Current Portion of Bonds and Certificates					5,980	
Due to:						
Other Funds	122	15,040	35	597	387	346
Other Governmental Agencies		2,877				711
Employees for Deferred Compensation Plan						
Security Lending						
Amounts Held In Trust						
Notes Payable/Lease Purchase					153	
Lease Purchase (Net of Current Portion)					1,202	
General Obligation Bonds Payable						
Certificates of Obligation Payable						
Revenue Bonds Payable						
General Obligation/Enterprise Funds (Net of Current Portion)					18,995	
Revenue Bonds (Net of Current Portion)					130,295	
Unamortized Premium						
Less: Unamortized Discount on New Series Bonds					(1,638)	
Deferred Amount on Refunding					(114)	
Contractual Obligations/Commercial Paper						
Accumulated Accrued:						
Sick Leave						
Annual Leave						
Total Liabilities	30,757	36,207	10,989	21,932	173,552	45,570
Fund Equity and Other Credits:						
Contributed Capital (Net of Amortization)					90,569	38,811
Investment in General Fixed Assets						
Retained Earnings:						
Reserved for Bond Retirement					13,911	
Reserved for Construction					53,101	
Reserved for Improvement and Contingency					28,297	
Reserved for Equipment Renewal and Replacement						16,111
Unreserved					13,637	25,431
Fund Balances:						
Reserved:						
Reserved for Encumbrances	8,807	15,670		168,713		
Reserved for Inventories	3,226	1,238				
Reserved for Prepaid Expenditures	19		2			
Reserved for Employees' Pension/Postemployment Healthcare Benefits						
Reserved for Debt Service			65,379			
Reserved for Convention Center Project			19,728			
Reserved for Notes						
Reserved for Other Restricted Purposes						
Unreserved:						
Designated	30,687	14,609				
Undesignated	50,406	44,852		(14,038)		
Total Equity and Other Credits	93,145	76,369	85,109	154,675	199,515	80,353
Total Liabilities and Fund Equity and Other Credits	$ 123,902	$ 112,576	$ 96,098	$ 176,607	$ 373,067	$ 125,923

The notes to the financial statements are an integral part of this statement.

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2000
(With comparative totals for September 30, 1999)
(In Thousands)

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)			TOTALS (MEMORANDUM ONLY)	
	GENERAL	GENERAL					
TRUST AND	FIXED	LONG-TERM	PRIMARY	COMPONENT UNITS		REPORTING ENTITY	
AGENCY	ASSETS	DEBT	GOVERNMENT	GOVERNMENTAL	PROPRIETARY	2000	1999
$ 2,635	$ 0	$ 0	$ 25,629	$ 15,170	$ 131,611	$ 172,410	$ 162,217
			36,521	876		37,397	36,912
20,945			88,757	868	12,623	102,248	89,196
68			4,247		4,268	8,515	24,576
27			6,490	406	3,927	10,823	9,652
			8			8	9
			336			336	329
			720			720	1,048
			9			9	9
			514			514	574
		1,673	3,978		194,631	198,609	177,628
			2,158		1,781	3,939	3,909
			5,980		91,710	97,690	88,705
790			17,317			17,317	20,747
			3,588	4,846		8,434	8,165
135,554			135,554			135,554	110,166
163			163			163	2
		4,437	4,590	18,787		23,377	42,284
			1,202			1,202	420
		645,918	645,918			645,918	639,483
		99,240	99,240			99,240	93,730
		181,603	181,603			181,603	182,012
			18,995			18,995	20,220
			130,295		3,319,800	3,450,095	3,338,020
					1,816	1,816	1,849
			(1,638)		(34,452)	(36,090)	(38,682)
			(114)		(201,325)	(201,439)	(222,377)
		15,000	15,000		195,518	210,518	273,804
		44,749	44,749			44,749	41,465
		23,819	23,819			23,819	22,247
160,182		1,016,439	1,495,628	40,953	3,721,908	5,258,489	5,128,319
			129,380		598,106	727,486	697,744
	2,208,380		2,208,380	67,247		2,275,627	2,113,898
			13,911		1,107	15,018	14,199
			53,101		45,824	98,925	78,875
			28,297		369,716	398,013	486,010
			16,111			16,111	12,891
			39,068		1,927,537	1,966,605	1,802,519
369			193,559			193,559	186,625
			4,464	476		4,940	4,219
			21			21	14
1,486,044			1,486,044			1,486,044	1,242,146
			65,379			65,379	61,357
			19,728			19,728	20,551
				2,728		2,728	2,417
				850		850	1,088
			45,296			45,296	36,316
17,352			98,572	573		99,145	117,577
1,503,765	2,208,380		4,401,311	71,874	2,942,290	7,415,475	6,878,446
$ 1,663,947	$ 2,208,380	$ 1,016,439	$ 5,896,939	$ 112,827	$ 6,664,198	$ 12,673,964	$ 12,006,765

(end of statement)

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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED SEPTEMBER 30, 2000

(With comparative totals for September 30, 1999)
(In Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	GOVERNMENTAL	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	PRIMARY GOVERNMENT	COMPONENT UNITS	2000	1999
Revenues									
Taxes	$ 276,239	$ 44,105	$ 78,770	$ 0	$ 0	$ 399,114	$ 0	$ 399,114	$ 375,551
Licenses and Permits	12,258					12,258		12,258	12,164
Intergovernmental	2,670	161,965		10,232		174,867	32,311	207,178	204,919
Revenues from Utilities	172,301					172,301		172,301	149,956
Charges for Services	23,011	42,519			1,017	66,547	12,323	78,870	71,840
Fines and Forfeits	11,593					11,593		11,593	11,838
Miscellaneous	13,297	14,698	6,912	11,614	2,424	48,945	16,495	65,440	54,050
In-Kind Contributions		12,744				12,744	270	13,014	7,743
Total Revenues	511,369	276,031	85,682	21,846	3,441	898,369	61,399	959,768	888,061
Expenditures									
Current:									
General Government	55,181	362			130	55,673		55,673	50,821
Public Safety	305,859	14,008			645	320,512		320,512	301,363
Streets and Roadways	9,910	52,321			181	62,412		62,412	64,080
Health Services	12,300	51,329			181	63,810		63,810	61,110
Environmental Protection and Control		135				135		135	100
Sanitation	2,601					2,601		2,601	2,399
Welfare	12,857	88,243			538	101,638		101,638	92,391
Culture and Recreation	52,938	4,806			1,899	59,643		59,643	55,097
Convention and Tourism		38,712				38,712		38,712	34,472
Conservation		9				9		9	16
Urban Redevelopment and Housing		18,433			244	18,677	11,206	29,883	31,688
Economic Development and Opportunity	5,864	15,486				21,350	50,331	71,681	74,784
Capital Projects				132,740		132,740		132,740	147,549
Debt Service:									
Principal Retirement			40,750			40,750		40,750	36,095
Interest			49,716			49,716		49,716	48,879
Cash Contributions to Refunded Bond Escrow Agent									617
Issuance Costs			202			202		202	644
Total Expenditures	457,510	283,844	90,668	132,740	3,818	968,580	61,537	1,030,117	1,002,105

(Cont'd)

Excess (Deficiency) of Revenues Over (Under) Expenditures	53,859	(7,813)	(4,986)	(110,894)	(377)	(70,211)	(138)	(70,349)	(114,044)
Other Financing Sources (Uses)									
Proceeds of Debt Issuance				67,285		67,285		67,285	86,310
Payments to Refunded Bond Escrow Agent									(26,597)
Proceeds from Notes and Loans							3,709	3,709	11,281
Operating Transfers In	16,325	70,276	8,187	22,806	366	117,960		117,960	159,439
Operating Transfers Out	(61,575)	(49,662)		(5,403)	(483)	(117,123)		(117,123)	(155,386)
Total Other Financing Sources (Uses)	(45,250)	20,614	8,187	84,688	(117)	68,122	3,709	71,831	75,047
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,609	12,801	3,201	(26,206)	(494)	(2,089)	3,571	1,482	(38,997)
Fund Balances, October 1 as Previously Reported	84,536	63,568	81,908	180,881	18,215	429,108	1,056	430,164	469,050
Prior Period Adjustment									111
Beginning Fund Balance as Restated	84,536	63,568	81,908	180,881	18,215	429,108	1,056	430,164	469,161
Fund Balances, September 30	$ 93,145	$ 76,369	$ 85,109	$ 154,675	$ 17,721	$ 427,019	$ 4,627	$ 431,646	$ 430,164

The notes to the financial statements are an integral part of this statement.

(end of statement)

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2000
(With comparative totals for September 30, 1999)
(In Thousands)

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	PROPRIETARY	TOTALS (MEMORANDUM ONLY)	
		INTERNAL	PRIMARY	COMPONENT	REPORTING ENTITY	
	ENTERPRISE	SERVICE	GOVERNMENT	UNITS	2000	1999
Cash Flows from Operating Activities						
Cash Received from Customers	$ 92,587	$ 105,455	$ 198,042	$ 1,248,002	$ 1,446,044	$ 1,374,698
Cash Payments to Suppliers for Goods and Services	(31,342)	(79,191)	(110,533)	(719,404)	(829,937)	(741,656)
Cash Payments to Employees for Service	(41,690)	(21,119)	(62,809)	(52,255)	(115,064)	(93,765)
Other Nonoperating Revenues	305	1,482	1,787		1,787	1,632
Net Cash Provided by Operating Activities	19,860	6,627	26,487	476,343	502,830	540,909
Cash Flows from Non-Capital Financing Activities						
Operating Transfers In from Other Funds	3,850	3,893	7,743		7,743	4,495
Operating Transfers Out to Other Funds	(5,337)	(3,123)	(8,460)		(8,460)	
Cash Payments from Other Governments				538	538	(8,678)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,487)	770	(717)	538	(179)	(4,183)
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Capital Assets	(14,383)	(15,280)	(29,663)	(538,218)	(567,881)	(432,873)
Proceeds from Issuance of Long-Term Debt	24,845		24,845	248,087	272,932	75,000
Principal Payments on Long-Term Debt	(5,995)	(322)	(6,317)	(88,210)	(94,527)	(239,556)
Interest Paid on Long-Term Debt	(9,083)	(54)	(9,137)	(190,155)	(199,292)	(223,770)
Debt Issuance Cost	(810)		(810)	(544)	(1,354)	(218)
Costs for Cash Defeasance of Debt						(11,842)
Proceeds from Notes	350		350		350	352
Principal Payment on Notes	(77)		(77)	(719)	(796)	(141)
Interest Paid on Notes	(20)		(20)		(20)	(11)
Proceeds from Joint Operations Agreement				15,239	15,239	18,062
Proceeds from Litigation Settlement				18,975	18,975	12,109
Redemption of Commercial Paper				(139,700)	(139,700)	(34,900)
Capital Contributed for Construction				21,902	21,902	15,355
Proceeds from Sale of Assets	67	2,649	2,716	32	2,748	3,987
Net Cash (Used for) Capital and Related Financing Activities	(5,106)	(13,007)	(18,113)	(653,311)	(671,424)	(818,446)
Cash Flows from Investing Activities						
Purchase of Investment Securities	(419,713)	(224,213)	(643,926)	(1,152,668)	(1,796,594)	(2,649,015)
Maturity of Investment Securities	406,939	233,133	640,072	1,235,733	1,875,805	2,751,353
Notes Principal		(199)	(199)		(199)	
Principal Collection on Notes		79	79	438	517	1,198
Loans Disbursed				(673)	(673)	(896)
Interest on Notes		28	28		28	24
Interest on Investments	5,196	4,725	9,921	45,159	55,080	66,877
Net Cash Provided by (Used for) Investing Activities	(7,578)	13,553	5,975	127,989	133,964	169,541
Net Increase (Decrease) in Cash and Cash Equivalents	5,689	7,943	13,632	(48,441)	(34,809)	(112,179)
Cash and Cash Equivalents, October 1	22,218	5,556	27,774	59,916	87,690	199,869
Cash and Cash Equivalents, September 30	$ 27,907	$ 13,499	$ 41,406	$ 11,475	$ 52,881	$ 87,690

The notes to the financial statements are an integral part of this statement.

(Cont'd)

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2000
(With comparative totals for September 30, 1999)
(In Thousands)

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	PROPRIETARY	TOTALS (MEMORANDUM ONLY)	
		INTERNAL	PRIMARY	COMPONENT	REPORTING ENTITY	
	ENTERPRISE	SERVICE	GOVERNMENT	UNITS	2000	1999
Reconciliation of Operating Income to Net Cash						
Provided by Operating Activities						
Operating Income (Loss)	$ 11,611	$ (4,382)	$ 7,229	$ 240,609	$ 247,838	$ 251,623
Adjustments to Reconcile Operating Income (Loss)						
to Net Cash Provided by Operating Activities:						
Depreciation	8,858	11,083	19,941	211,785	231,726	232,699
Other Nonoperating Revenues	305	1,482	1,787		1,787	1,632
Amortization Expense				18,142	18,142	25,823
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable				10,855	10,855	(17,662)
(Increase) Decrease in Other Accounts Receivable	(107)	(8)	(115)	(10,996)	(11,111)	598
(Increase) Decrease in Accrued Revenues	(144)	1	(143)	62	(81)	(301)
(Increase) in Due from Other Funds		(188)	(188)		(188)	(6)
(Increase) Decrease in Due From Other Gov't Agencies		(158)	(158)	9	(149)	(187)
(Increase) Decrease in Inventories	59	(473)	(414)	(18,703)	(19,117)	(3,615)
(Increase) Decrease in Prepaid Expenses		(155)	(155)	(4,631)	(4,786)	944
Decrease in Deposits		142	142		142	49
Increase (Decrease) in Vouchers Payable	(587)	(635)	(1,222)	18,187	16,965	19,008
Increase in Other Payables	1,661	279	1,940	9,149	11,089	29,091
(Decrease) in Due to Other Funds						(25)
Increase (Decrease) in Accrued Payroll	(1,014)	(464)	(1,478)	1,429	(49)	228
Increase in Accrued Leave Payable	134	103	237	388	625	441
Increase (Decrease) in Deferred Revenue	(916)		(916)		(916)	907
Increase (Decrease) in Customer Deposits				58	58	(338)
Net Cash Provided by Operating Activities	$ 19,860	$ 6,627	$ 26,487	$ 476,343	$ 502,830	$ 540,909
Noncash Investing, Capital and Financing Activities:						
Acquisition and Construction of Capital Assets from Capital Contributions	$ 3,440	$ 1,685	$ 5,125	$ 17,905	$ 23,030	$ 26,431

(end of statement)

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

(With comparative totals for September 30, 1999)
(In Thousands)

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	PROPRIETARY	TOTALS (MEMORANDUM ONLY)	
		INTERNAL	PRIMARY	COMPONENT	REPORTING ENTITY	
	ENTERPRISE	SERVICE	GOVERNMENT	UNITS	2000	1999
Operating Revenues						
Charges for Services	$ 93,755	$ 105,665	$ 199,420	$ 1,237,478	$ 1,436,898	$ 1,392,487
Operating Expenses						
Personal Services	40,810	20,758	61,568		61,568	57,427
Contractual Services	25,706	46,309	72,015	433	72,448	65,902
Commodities	5,302	2,991	8,293	10	8,303	7,405
Insurance	1,468		1,468		1,468	1,516
Materials		13,769	13,769		13,769	12,189
Gas, Electric & Water Systems Operations and Maintenance				784,641	784,641	748,480
Other		15,137	15,137		15,137	15,246
Depreciation	8,858	11,083	19,941	211,785	231,726	232,699
Total Operating Expenses	82,144	110,047	192,191	996,869	1,189,060	1,140,864
Operating Income (Loss)	11,611	(4,382)	7,229	240,609	247,838	251,623
Nonoperating Revenues (Expenses)						
Interest and Other	5,362	4,636	9,998	47,788	57,786	71,476
Other Nonoperating Revenue	305	1,482	1,787		1,787	1,624
Gain (Loss) on Disposition of Fixed Assets	(984)	1,544	560	(126)	434	1,592
Interest and Debt Expense	(9,191)	(52)	(9,243)	(185,644)	(194,887)	(187,393)
Other Nonoperating Expenses	(302)		(302)	(26,556)	(26,858)	(42,068)
Allowance for Funds Used During Construction				13,286	13,286	5,716
Total Nonoperating Revenues (Expenses)	(4,810)	7,610	2,800	(151,252)	(148,452)	(149,053)
Income Before Operating Transfers	6,801	3,228	10,029	89,357	99,386	102,570
Operating Transfers In (Out)						
Operating Transfers In	3,968	3,550	7,518		7,518	4,604
Operating Transfers Out	(5,229)	(3,126)	(8,355)		(8,355)	(8,657)
Total Operating Transfers	(1,261)	424	(837)		(837)	(4,053)
Income before Extraordinary Item	5,540	3,652	9,192	89,357	98,549	98,517
Extraordinary Item						
Cash Defeasance of Bonds						(24,900)
Net Income	5,540	3,652	9,192	89,357	98,549	73,617
Add Amortization of (Depreciation of) Federally Contributed Fixed Assets	1,629		1,629		1,629	1,642
Increase In Retained Earnings	7,169	3,652	10,821	89,357	100,178	75,259
Retained Earnings/Fund Balances, October 1	101,777	37,890	139,667	2,254,827	2,394,494	2,319,235
Retained Earnings/Fund Balances, September 30	$ 108,946	$ 41,542	$ 150,488	$ 2,344,184	$ 2,494,672	$ 2,394,494

The notes to the financial statements are an integral part of this statement.

(end of statement)

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL-GENERAL, SPECIAL REVENUE (WITH ANNUAL BUDGETS) AND DEBT SERVICE FUNDS
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2000
(In Thousands)

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
Revenues									
Taxes	$ 271,823	$ 276,239	$ 4,416	$ 44,415	$ 44,105	$ (310)	$ 77,526	$ 78,770	$ 1,244
Licenses and Permits	12,586	12,258	(328)						
Intergovernmental	2,534	2,670	136	16,069	16,431	362			
Revenues from Utilities	146,940	172,301	25,361						
Charges for Services	21,923	23,011	1,088	48,869	42,486	(6,383)			
Fines and Forfeits	12,210	11,593	(617)						
Miscellaneous	13,081	13,297	216	4,239	6,037	1,798	5,586	6,912	1,326
Total Revenues	481,097	511,369	30,272	113,592	109,059	(4,533)	83,112	85,682	2,570
Expenditures									
Current:									
General Government	70,525	56,420	14,105	202	247	(45)			
Public Safety	309,437	308,128	1,309	1,938	1,954	(16)			
Streets and Roadways	9,966	9,910	56	37,551	39,311	(1,760)			
Health Services	12,224	12,472	(248)	35,444	35,362	82			
Environmental Protection and Control									
Sanitation	2,528	2,602	(74)						
Welfare	13,950	13,865	85						
Culture and Recreation	55,694	53,607	2,087	774	689	85			
Convention and Tourism				41,540	40,176	1,364			
Economic Development and Opportunity	6,660	6,352	308	350	350				
Debt Service							91,707	90,668	1,039
Total Expenditures	480,984	463,356	17,628	117,799	118,089	(290)	91,707	90,668	1,039
Excess (Deficiency) of Revenues Over (Under) Expenditures	113	48,013	47,900	(4,207)	(9,030)	(4,823)	(8,595)	(4,986)	3,609
Other Financing Sources (Uses)									
Operating Transfers In	16,481	16,325	(156)	56,057	57,584	1,527	8,905	8,187	(718)
Operating Transfers Out	(64,527)	(64,535)	(8)	(56,689)	(50,592)	6,097			
Total Other Financing Sources (Uses)	(48,046)	(48,210)	(164)	(632)	6,992	7,624	8,905	8,187	(718)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(47,933)	(197)	$ 47,736	(4,839)	(2,038)	$ 2,801	310	3,201	$ 2,891
Fund Balances, October 1	84,536	84,536		59,682	59,682		81,908	81,908	
Add Encumbrances		8,806			15,670				
Fund Balances, September 30	$ 36,603	$ 93,145		$ 54,843	$ 73,314		$ 82,218	$ 85,109	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN PLAN NET ASSETS
FIDUCIARY FUND TYPE
FIRE AND POLICE PENSION/RETIREE HEALTH CARE TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

(With comparative totals for September 30, 1999)
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTALS 2000	TOTALS 1999
Additions				
Contributions:				
City Contribution	$ 40,239	$ 13,888	$ 54,127	$ 50,176
Contributions from Employees	20,119	223	20,342	18,612
Total Contributions	60,358	14,111	74,469	68,788
Investment Income:				
Interest	22,298	1,239	23,537	22,347
Dividends	37,397	964	38,361	11,892
Net Appreciation (Depreciation) in Fair Value of Investments	153,682	12,941	166,623	182,152
Real Estate Income, Net	250		250	243
Securities Lending Income	7,464		7,464	6,352
Other Income	293	66	359	449
Less Investment Expenses:				
Investment Management and Custodial Fees	(4,839)	(529)	(5,368)	(4,595)
Securities Lending Borrower Rebates	(6,840)		(6,840)	(5,678)
Securities Lending Fees	(218)		(218)	(236)
Net Investment Income	209,487	14,681	224,168	212,926
Total Additions	269,845	28,792	298,637	281,714
Deductions				
Benefits Paid to Participants:				
Postemployment Healthcare		4,266	4,266	3,255
Annuities	40,202		40,202	36,021
Back DROP Payments	8,404		8,404	1,647
Refunds of Participant Contributions	454		454	423
Personnel Costs	428	19	447	406
Contractual Services	378	284	662	728
Other		12	12	7
Depreciation	16		16	18
Maintenance and Utilities	277		277	331
Total Deductions	50,159	4,581	54,740	42,836
Net Increase	219,686	24,211	243,897	238,878
Net Assets Held in Trust for Pension/Postemployment Healthcare Benefits, October 1	1,183,943	58,203	1,242,146	1,003,268
Net Assets Held in Trust for Pension/Postemployment Healthcare Benefits, September 30	$ 1,403,629	$ 82,414	$ 1,486,043	$ 1,242,146

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

(unless otherwise indicated)
(With comparative totals for September 30, 1999)

	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	MAY 31, 2000 SAN ANTONIO WATER SYSTEM	JAN. 31, 2000 CITY PUBLIC SERVICE	TOTALS 2000	TOTALS 1999
Operating Revenues					
Charges for Services	$ 1,101,505	$ 195,727,439	$ 1,040,649,000	$ 1,237,477,944	$ 1,204,859,707
Operating Expenses					
Contractual Services	432,884			432,884	311,109
Commodities	9,873			9,873	9,097
Gas, Electric and Water Systems - Operating and Maintenance		118,252,245	666,389,000	784,641,245	748,479,940
Depreciation		46,607,685	165,177,000	211,784,685	212,243,473
Total Operating Expense	442,757	164,859,930	831,566,000	996,868,687	961,043,619
Operating Income	658,748	30,867,509	209,083,000	240,609,257	243,816,088
Nonoperating Revenues (Expenses)					
Interest and Other		8,468,123	39,320,000	47,788,123	63,022,022
Gain (Loss) on Disposition of Assets		(126,394)		(126,394)	265,539
Interest and Debt Expense		(34,173,632)	(151,470,000)	(185,643,632)	(178,347,433)
Other Nonoperating Expense		(3,697,499)	(22,859,000)	(26,556,499)	(41,407,522)
Allowance for Funds Used During Construction			13,286,000	13,286,000	5,716,000
Total Nonoperating Revenues (Expenses)		(29,529,402)	(121,723,000)	(151,252,402)	(150,751,394)
Income before Extraordinary Item	658,748	1,338,107	87,360,000	89,356,855	93,064,694
Extraordinary Item					
Cash Defeasance of Bonds					(24,900,000)
Net Income	658,748	1,338,107	87,360,000	89,356,855	68,164,694
Retained Earnings, October 1	3,209,566	290,442,998	1,961,174,000	2,254,826,564	2,186,661,870
Retained Earnings, September 30	$ 3,868,314	$ 291,781,105	$ 2,048,534,000	$ 2,344,183,419	$ 2,254,826,564

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT PROPRIETARY FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2000

(unless otherwise indicated)
(With comparative totals for September 30, 1999)

	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	MAY 31, 2000 SAN ANTONIO WATER SYSTEM	JAN. 31, 2000 CITY PUBLIC SERVICE	TOTALS 2000	TOTALS 1999
Assets					
Current Assets					
Cash and Cash Equivalents	$ 1,645,715	$ 0	$ 5,981,000	$ 7,626,715	$ 14,116,750
Investments		15,894,742	110,196,000	126,090,742	92,072,304
Receivables:					
Other Accounts	549	21,581,138	108,619,000	130,200,687	129,724,209
Notes	2,654,951	443,045		3,097,996	2,863,500
Accrued Interest	13,241	378,756		391,997	933,536
Due from Other Governmental Agencies	18,797			18,797	27,409
Inventories		5,400,421	100,611,000	106,011,421	87,308,874
Prepaid Expenses		10,919,759	11,097,000	22,016,759	7,597,642
Total Current Assets	4,333,253	54,617,861	336,504,000	395,455,114	334,644,224
Restricted Assets					
Debt Service Accounts:					
Cash and Cash Equivalents		2,887,094	90,000	2,977,094	139,000
Investments					2,630,204
Construction Accounts:					
Cash and Cash Equivalents		204,016		204,016	42,671,797
Investments		53,121,630		53,121,630	82,422,770
Improvement and Contingency Accounts:					
Cash and Cash Equivalents					
Investments			369,716,000	369,716,000	461,903,000
Other Restricted Accounts:					
Cash and Cash Equivalents			667,000	667,000	2,988,000
Investments		10,605,783	148,851,000	159,456,783	153,183,297
Total Restricted Assets		66,818,523	519,324,000	586,142,523	745,938,068
Property, Plant and Equipment					
Land		34,935,056		34,935,056	29,151,871
Utility Plant in Service		1,736,546,301	5,526,869,000	7,263,415,301	6,966,971,549
Machinery and Equipment	28,067	89,564,030		89,592,097	72,505,985
Construction in Progress		235,271,630	345,751,000	581,022,630	421,020,219
Utility Property Leased			18,713,000	18,713,000	
Nuclear Fuel -Net			39,152,000	39,152,000	36,602,000
Held for Future Use			12,599,000	12,599,000	31,384,000
Total	28,067	2,096,317,017	5,943,084,000	8,039,429,084	7,557,635,624
Less: Accumulated Depreciation		568,705,024	1,808,877,000	2,377,582,024	2,194,474,129
Net Property, Plant and Equipment	28,067	1,527,611,993	4,134,207,000	5,661,847,060	5,363,161,495
Unamortized Debt Expense		5,019,071	15,734,000	20,753,071	16,110,291
Total Assets	$ 4,361,320	$ 1,654,067,448	$ 5,005,769,000	$ 6,664,197,768	$ 6,459,854,078

(Cont'd)

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT PROPRIETARY FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2000

(unless otherwise indicated)
(With comparative totals for September 30, 1999)

	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	MAY 31, 2000 SAN ANTONIO WATER SYSTEM	JAN. 31, 2000 CITY PUBLIC SERVICE	TOTALS 2000	TOTALS 1999
Liabilities and Fund Equity					
Current Liabilities: (Payable from Current Assets)					
Vouchers Payable	$ 5,064	$ 9,069,370	$ 122,537,000	$ 131,611,434	$ 113,096,153
Sewer Collections Payable		208,620		208,620	208,755
Other Payables and Accruals	39,828	12,374,650		12,414,478	12,046,830
Accrued Payroll		4,267,862		4,267,862	2,838,392
Accrued Leave Payable		3,926,937		3,926,937	3,539,478
Total Current Liabilities	44,892	29,847,439	122,537,000	152,429,331	131,729,608
Current Liabilities: (Payable from Restricted Assets)					
Accrued Bond and Certificate Interest		1,780,866		1,780,866	1,838,954
Current Portion of Bonds and Certificates		24,495,000	67,215,000	91,710,000	82,710,000
Customer Deposits		5,092,097	25,757,000	30,849,097	30,790,910
Contract Retainage Payable		4,735,917		4,735,917	3,626,352
Customer Advances for Construction		2,765,703	16,745,000	19,510,703	17,359,287
Total Current Liabilities (Payable From Restricted Assets)		38,869,583	109,717,000	148,586,583	136,325,503
Restricted Funds					
Long-Term Liabilities					
Revenue Bonds (Net of Current Portion)		656,440,000	2,663,360,000	3,319,800,000	3,227,815,000
Unamortized Premium		1,815,521		1,815,521	1,849,185
Less: Unamortized Discount		(16,777,127)	(17,675,000)	(34,452,127)	(37,071,624)
Deferred Amount on Refunding		(9,495,097)	(191,830,000)	(201,325,097)	(222,252,674)
Long-Term Debt/Commercial Paper	418,114	60,300,000	134,800,000	195,518,114	273,803,498
Other Payables		3,209,707	136,326,000	139,535,707	120,969,369
Total Long-Term Liabilities	418,114	695,493,004	2,724,981,000	3,420,892,118	3,365,112,754
Total Liabilities	463,006	764,210,026	2,957,235,000	3,721,908,032	3,633,167,865
Fund Equity					
Contributed Capital:					
Local Government	30,000			30,000	30,000
Customers		598,076,317		598,076,317	571,829,649
Total Contributed Capital	30,000	598,076,317		598,106,317	571,859,649
Retained Earnings:					
Reserved for Revenue Bond Retirement		1,106,228		1,106,228	863,250
Reserved for Construction		45,824,026		45,824,026	30,061,928
Reserved for Improvement and Contingency			369,716,000	369,716,000	461,903,000
Unreserved	3,868,314	244,850,851	1,678,818,000	1,927,537,165	1,761,998,386
Total Retained Earnings	3,868,314	291,781,105	2,048,534,000	2,344,183,419	2,254,826,564
Total Fund Equity	3,898,314	889,857,422	2,048,534,000	2,942,289,736	2,826,686,213
Total Liabilities and Fund Equity	$ 4,361,320	$ 1,654,067,448	$ 5,005,769,000	$ 6,664,197,768	$ 6,459,854,078

(end of statement)

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2000

(With comparative totals for September 30, 1999)

	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO HIGHER EDUCATION AUTHORITY	GREATER KELLY DEVELOPMENT AUTHORITY	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	TOTALS 2000	TOTALS 1999
Revenues						
Intergovernmental	$ 10,299,530	$ 0	$ 21,433,547	$ 578,367	$ 32,311,444	$ 36,201,295
Charges for Services	90,727	1,000	12,231,387		12,323,114	10,316,666
Miscellaneous:						
Sales			6,500,000		6,500,000	
Recovery of Expenditures			7,516,319		7,516,319	
Interest	111,044	960	2,283,615	83,416	2,479,035	2,768,835
In-Kind Contributions			269,804		269,804	243,231
Total Revenues	10,501,301	1,960	50,234,672	661,783	61,399,716	49,530,027
Expenditures						
Urban Redevelopment and Housing	10,404,131			802,208	11,206,339	11,205,077
Economic Development and Opportunity		1,300	50,329,497		50,330,797	52,644,117
Total Expenditures	10,404,131	1,300	50,329,497	802,208	61,537,136	63,849,194
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,170	660	(94,825)	(140,425)	(137,420)	(14,319,167)
Other Financing Sources						
Proceeds from Notes and Loans			3,709,061		3,709,061	11,280,636
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	97,170	660	3,614,236	(140,425)	3,571,641	(3,038,531)
Fund Balances, October 1 as Previously Reported	3,597,339	26,476	(3,221,568)	653,668	1,055,915	3,983,568
Prior Period Adjustment						110,878
Beginning Fund Balance as Restated	3,597,339	26,476	(3,221,568)	653,668	1,055,915	4,094,446
Fund Balances, September 30	$ 3,694,509	$ 27,136	$ 392,668	$ 513,243	$ 4,627,556	$ 1,055,915

The notes to the financial statements are an integral part of this statement.

City of San Antonio
Texas

Component Units

As set forth in GASB Statement Number 14, "The Reporting Entity", Component Units which by the nature and significance of their relationship with the City is such that their exclusion from the reporting entity's financial statements would be misleading or incomplete and as such are presented discretely with the City's financial statements.

The City has determined that the following component units meet the criteria for discrete presentation as set forth in GASB Statement Number 14:

***SAN ANTONIO DEVELOPMENT AGENCY (SADA)** - SADA is responsible for implementing the City's Urban Renewal Program. A majority of the financing is provided from the City in the form of pass-through grants.*

***CITY OF SAN ANTONIO HIGHER EDUCATION AUTHORITY (SAHEA)** - SAHEA was established in accordance with state law for the purpose of aiding non-profit institutions of higher education in providing educational facilities and housing facilities. The corporation is authorized to issue revenue bonds for said purposes on behalf of the City but the bonds are not obligations of the City.*

***GREATER KELLY DEVELOPMENT AUTHORITY (GKDA)** - GKDA was established for the purpose of monitoring the proposed closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The authority is authorized to issue bonds to finance related projects but the bonds are not obligations of the City.*

***SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (SAHTF)** - SAHTF is a non-profit corporation established in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low and middle income families. In addition, the corporation provides administrative and other support for the operations of the San Antonio Housing Trust Fund, an Expendable Trust Fund of the City.*

***SAN ANTONIO LOCAL DEVELOPMENT COMPANY (SALDC)** - SALDC is a non-profit corporation under agreement with the City which administers programs that provide qualifying local businesses with loans. Loan funds administered by SALDC include the Neighborhood Business Revitalization Program, U.S. Department of Commerce Title IX Revolving Loan Fund, Small Business Administration Microloan Program, and a Housing and Urban Development 108 Fund.*

***SAN ANTONIO WATER SYSTEM (SAWS)** - SAWS serves as the City's water, wastewater, and stormwater utility. Financing is provided by user fees and the sale of revenue bonds.*

***CITY PUBLIC SERVICE (CPS)** - CPS is the City's electric utility, which provides electricity and natural gas to the San Antonio Metropolitan Area. Financing is provided by user fees and the sale of revenue bonds.*

COMPONENT UNIT GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2000

(With comparative totals for September 30, 1999)

	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO HIGHER EDUCATION AUTHORITY	GREATER KELLY DEVELOPMENT AUTHORITY	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	TOTALS 2000	TOTALS 1999
Assets						
Cash and Cash Equivalents	$ 259,395	$ 32,236	$ 5,780,961	$ 885,831	$ 6,958,423	$ 5,172,210
Investments				445,072	445,072	454,412
Receivables:						
Notes	2,727,496				2,727,496	2,416,877
Other Accounts	3,649		4,833,460	3,109,087	7,946,196	6,666,331
Inventories of Materials and Supplies	476,292				476,292	692,096
Due from Other Governmental Agencies	1,294,047		6,945,283		8,239,330	7,195,751
General Equipment	271,387	824	66,963,892	10,503	67,246,606	48,195,808
Amount to be Provided for Long-Term Debt			18,787,213		18,787,213	42,029,230
Total Assets	$ 5,032,266	$ 33,060	$ 103,310,809	$ 4,450,493	$ 112,826,628	$ 112,822,715
Liabilities and Fund Equity						
Liabilities:						
Vouchers Payable	$ 343,155	$ 0	$ 14,784,530	$ 42,330	$ 15,170,015	$ 15,177,411
Accounts Payable-Other	383,810	5,100	461,924	16,735	867,569	799,538
Notes Payable			18,787,213		18,787,213	42,029,230
Accrued Leave Payable	339,405		66,789		406,194	209,121
Deferred Revenue			244,003	631,781	875,784	1,967,485
Due to Other Governmental Agencies			1,609,790	3,235,901	4,845,691	3,388,207
Total Liabilities	1,066,370	5,100	35,954,249	3,926,747	40,952,466	63,570,992
Fund Equity:						
Investment in General Fixed Assets	271,387	824	66,963,892	10,503	67,246,606	48,195,808
Fund Balances:						
Reserved:						
Reserved for Inventories	476,292				476,292	692,096
Reserved for Notes	2,727,496				2,727,496	2,416,877
Reserved for Other Restricted Purposes	490,721			359,607	850,328	1,087,829
Unreserved:						
Undesignated		27,136	392,668	153,636	573,440	(3,140,887)
Total Fund Balances	3,694,509	27,136	392,668	513,243	4,627,556	1,055,915
Total Fund Equity	3,965,896	27,960	67,356,560	523,746	71,874,162	49,251,723
Total Liabilities and Fund Equity	$ 5,032,266	$ 33,060	$ 103,310,809	$ 4,450,493	$ 112,826,628	$ 112,822,715

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2000
(unless otherwise indicated)
(With comparative totals for September 30, 1999)

	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	MAY 31, 2000 SAN ANTONIO WATER SYSTEM	JAN. 31, 2000 CITY PUBLIC SERVICE	TOTALS 2000	TOTALS 1999
Cash Flows from Operating Activities					
Cash Received from Customers	$ 1,106,704	$ 195,391,114	$ 1,051,504,000	$ 1,248,001,818	$ 1,187,469,014
Cash Payments to Suppliers for Goods and Services	(541,166)	(61,302,630)	(657,560,000)	(719,403,796)	(646,427,156)
Cash Payments to Employees for Service		(52,255,125)		(52,255,125)	(36,846,303)
Net Cash Provided by Operating Activities	565,538	81,833,359	393,944,000	476,342,897	504,195,555
Cash Flows From Non-Capital Financing Activities					
Cash Payments from Other Governments			538,000	538,000	
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(1,483)	(127,909,404)	(410,307,000)	(538,217,887)	(402,565,070)
Proceeds from Issuance of Long-Term Debt		241,586,547	6,500,000	248,086,547	75,000,000
Principal Payments on Long-Term Debt	(85,384)	(24,405,000)	(63,720,000)	(88,210,384)	(233,160,874)
Interest Paid on Long-Term Debt		(38,684,938)	(151,470,000)	(190,154,938)	(214,688,618)
Debt Issuance Cost		(544,143)		(544,143)	(184,644)
Costs for Cash Defeasance of Debt					(11,842,000)
Principal Payments on Notes		(718,467)		(718,467)	
Proceeds from Joint Operations Agreement			15,239,000	15,239,000	18,062,000
Proceeds from Litigation Settlement			18,975,000	18,975,000	12,109,000
Redemption of Commercial Paper		(139,700,000)		(139,700,000)	(34,900,000)
Capital Contributed for Construction		10,425,115	11,477,000	21,902,115	15,355,214
Proceeds from Sale of Assets		31,641		31,641	1,125,839
Net Cash (Used for) Capital and Related Financing Activities	(86,867)	(79,918,649)	(573,306,000)	(653,311,516)	(775,689,153)
Cash Flows From Investing Activities					
Purchase of Investment Securities		(195,748,580)	(956,919,000)	(1,152,667,580)	(1,585,019,203)
Maturity of Investment Securities		178,980,000	1,056,753,000	1,235,733,000	1,711,355,000
Principal Collection on Notes	413,423	25,000		438,423	405,193
Loans Disbursed	(672,919)			(672,919)	(896,000)
Interest on Investments		9,013,973	36,145,000	45,158,973	58,787,959
Net Cash Provided by (Used for) Investing Activities	(259,496)	(7,729,607)	135,979,000	127,989,897	184,632,949
Net Increase (Decrease) in Cash and Cash Equivalents	219,175	(5,814,897)	(42,845,000)	(48,440,722)	(86,860,649)
Cash and Cash Equivalents, October 1	1,426,540	8,906,007	49,583,000	59,915,547	146,776,196
Cash and Cash Equivalents, September 30	$ 1,645,715	$ 3,091,110	$ 6,738,000	$ 11,474,825	$ 59,915,547

(Cont'd)

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

(With comparative totals for September 30, 1999)

	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	MAY 31, 2000 SAN ANTONIO WATER SYSTEM	JAN. 31, 2000 CITY PUBLIC SERVICE	TOTALS	
				2000	1999
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	$ 658,748	$ 30,867,509	$ 209,083,000	$ 240,609,257	$ 243,816,088
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation		46,607,685	165,177,000	211,784,685	212,243,473
Amortization Expense			18,142,000	18,142,000	25,823,000
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable			10,855,000	10,855,000	(17,662,648)
(Increase) Decrease in Other Accounts Receivable	899	(185,377)	(10,812,000)	(10,996,478)	663,398
(Increase) Decrease in Accrued Revenues	(4,312)	66,616		62,304	718,174
(Increase) Decrease in Due from Other Govt. Agencies	8,612			8,612	(5,099)
(Increase) in Inventories		(343,547)	(18,359,000)	(18,702,547)	(3,943,868)
(Increase) Decrease in Prepaid Expenses		(611,294)	(4,020,000)	(4,631,294)	943,628
Increase (Decrease) in Vouchers Payable	(114,938)	3,651,219	14,651,000	18,187,281	16,674,395
Increase in Other Payables	16,529	114,432	9,018,000	9,148,961	25,100,689
Increase (Decrease) in Accrued Payroll		1,429,470		1,429,470	(144,864)
Increase in Accrued Leave Payable		387,459		387,459	307,356
Increase (Decrease) in Customer Deposits		(150,813)	209,000	58,187	(338,167)
Net Cash Provided by Operating Activities	$ 565,538	$ 81,833,359	$ 393,944,000	$ 476,342,897	$ 504,195,555
Noncash Investing, Capital and Financing Activities:					
Acquisition and Construction of Capital Assets from Capital Contributions	$ 0	$ 17,904,931	$ 0	$ 17,904,931	$ 19,784,949

(end of statement)

The notes to the financial statements are an integral part of this statement.

City of San Antonio
Texas

Required Supplementary Information

(Unaudited)

TABLE OF NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of San Antonio (City) have been prepared in conformance with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards. The following is a summary of significant accounting policies of the City.

A. Reporting Entity

In the evaluation of how to define the City for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB Statement No. 14, "The Reporting Entity". The underlying concept of the financial reporting entity is that elected officials are "accountable" to their constituents for their actions. One of the objectives of this concept is to provide users of governmental financial statements with a basis for assessing the accountability of those elected officials, and accordingly, the definition of the financial reporting entity is based on accountability.

The financial reporting entity consists of: (a) the primary government (in these financial statements the primary government is the City), (b) component units, which are legally separate organizations for which the City is financially accountable (blended), and (c) component units, which the nature and significance of their relationship with the City is such that exclusion from the reporting entity's financial statements would be misleading or incomplete (discretely presented).

Using the criteria of GASB Statement No. 14 outlined below, potential component units were evaluated for inclusion or exclusion in the reporting entity, and further evaluated for financial statement presentation. Based on their individual relationships with the City, some component unit financial statements were blended as though they are part of the City and others only discretely presented.

The following criteria (as set forth in GASB Statement No. 14) were used in the evaluation of potential component units of the City:

1) Legally separate

2) Financial accountability
   a) Appointment of a voting majority
   b) Imposition of will
   c) Financial benefit to or burden on the City
   d) Fiscal dependency

3) The relationship with the City is such that exclusion would cause these financial statements to be misleading or incomplete.

4) Service rendered by the potential component unit is provided entirely or almost entirely to the City.

The criteria outlined above were excerpted from GASB Statement No. 14. For a more detailed explanation of the criteria established by this Statement, we refer the reader to the Codification of Governmental Accounting and Financial Reporting Standards, as of June 30, 2000, published by GASB, Section 2600. Based upon the application of the criteria outlined above, the following is a brief review of component units included in the reporting entity:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended with the Primary Government (the relationship among the following component units and the City meet the criteria, as set forth in GASB Statement No. 14, for inclusion in the Reporting Entity and is such that the financial statements are blended in with those of the City):

City of San Antonio Health Facilities Development Corporation

The City of San Antonio Health Facilities Development Corporation (HFDC) was established by Ordinance No. 55400, dated June 3, 1982, in accordance with state laws for the purposes of, and to act on behalf of, the City as a health facilities development corporation under the Texas Health Facilities Development Act of 1981. The HFDC is authorized to issue tax-exempt health facility revenue bonds, for which the City is not obligated in any manner, to finance health related projects in support of the promotion, expansion, and improvement of health facilities. The HFDC is governed by a Board of Directors which is comprised of the City Council of the City of San Antonio.

City of San Antonio Industrial Development Authority

The City of San Antonio Industrial Development Authority (IDA) was established by Resolution No. 79-48-100 dated October 11, 1979 in accordance with state laws for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the City as an industrial development corporation under the Development Corporation Act of 1979. The IDA is authorized to issue tax-exempt industrial revenue bonds, for which the City is not obligated in any manner, to finance qualified projects which may further the promotion and development of commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare. The IDA is governed by a Board of Directors which is comprised of the City Council of the City of San Antonio.

San Antonio Fire and Police Pension Fund

The San Antonio Fire and Police Pension Fund (Pension Fund) is a Single Employer Defined Benefit Plan established in accordance with state law. The Pension Fund is administered by a nine member Board of Trustees, including three City Council Members. The City and Pension fund participants are obligated to make all contributions to the Pension Fund in accordance with rates established by state law. Benefit levels are also set by state law. Services rendered by the Pension Fund are exclusively for the benefit of eligible firefighters and police officers upon retirement.

San Antonio Fire and Police Retiree Health Care Fund

The City of San Antonio Firefighters' and Police Officers' Retiree Prefunded Group Health Plan was created in October 1989 in accordance with the provisions of the City's contracts with the local fire and police unions, respectively, to provide postemployment healthcare benefits to uniformed employees who retired on or after October 1, 1989. Pursuant to the passage of Senate Bill 1568 in 1997, a separate and distinct statutory trust, the Fire and Police Retiree Health Care Fund ("Health Fund"), was created to provide these postemployment healthcare benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine member board of trustees, including three City Council Members, and is funded primarily by contributions from the City and contributions made by retirees on behalf of their dependents. City and retiree contribution rates are established pursuant to Fire and Police collective bargaining agreements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented With the Primary Government (the relationship among the following component units and the City is such that they meet the criteria, as set forth in GASB Statement No. 14, for inclusion in the reporting entity, and accordingly are included, however are such that the financial statements are discretely presented alongside, but not blended with those of the City):

San Antonio Water System

On February 13, 1992, the City Council determined it was in the best interest of the citizens of San Antonio and the customers served by the water and wastewater utilities to consolidate all water utilities, agencies, and activities into one institution. It was determined that the best mechanism for effecting the consolidation of all water systems, agencies, and activities into a single institution was through a refunding of all the then outstanding water and sewer bonds. The consolidation was consummated on May 19, 1992 with the creation of the San Antonio Water System (SAWS) which included the former City Water Board, Alamo Water Conservation and Re-use District, and the City's Sewer and Stormwater system.

Additionally, it was further determined by the City Council that the interests of the citizens and customers could best be served by placing authority for management and control of SAWS, as consolidated, in a Board of Trustees. This Board of Trustees includes the City's Mayor as an ex-officio member along with six members appointed by the City Council for four year staggered terms. The rates for user charges and bond issuance authorizations are approved by the City Council.

City Public Service

City Public Service (CPS), the City's utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS is governed by a Board of Trustees which is comprised of four members appointed by City Council and the Mayor of the City as an ex-officio member. The rates for user charges and bond issuance authorizations are approved by the City Council.

San Antonio Development Agency

The San Antonio Development Agency (SADA) was created under the provisions of the Urban Renewal Law of the State of Texas. SADA is responsible for implementing the City's Urban Renewal Program and may designate, for urban renewal, such areas as it deems advisable, subject to approval by the City Council and the Federal Agency which administers the overall program. SADA receives a majority of its operating funds from the City as pass-through grant funds and is governed by a seven member Board of Commissioners appointed by the City Council.

San Antonio Higher Education Authority

The City of San Antonio Higher Education Authority (SAHEA) was established in 1984, in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities in accordance with and subject to the provisions of Section 53.35 (b) Texas Education Code, all to be done on behalf of the City and as its duly constituted authority and instrumentality. The Act authorizes the corporation to issue revenue bonds for these purposes on behalf of the City but the bonds are not obligations of the City. SAHEA is governed by an eleven member Board of Directors appointed by the City Council for two year terms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Greater Kelly Development Authority

The Greater Kelly Development Corporation (GKDC) was established in 1996 as the local development authority on an interim basis under the Development Corporation Act of 1979 for the development and redevelopment of Kelly Air Force Base. In November 1999, the City established the Greater Kelly Development Authority as the successor-in-interest to the GKDC pursuant to the newly enacted Senate Bill 655. In accordance with the Act, the GKDA will have the powers presently enjoyed by the GKDC while at the same time clarifying such powers and preserving the property tax exempt status of prior commercial tenants at Kelly Air Force Base (Kelly). The GKDA is a special district and political subdivision of the State of Texas and was established for the purpose of monitoring the proposed closing of Kelly; conducting comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly; reviewing all options relative to the most appropriate uses of Kelly and the surrounding area; formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly and submitting such plan to the appropriate agency or agencies of the federal government; and implementing such plan as it relates to Kelly and the surrounding area. The GKDA is authorized to issue bonds to finance any project as permitted by Texas Law, but said bonds are not obligations of the City. GKDA is governed by an eleven member Board of Directors appointed by the City Council.

San Antonio Housing Trust Foundation, Inc.

The San Antonio Housing Trust Foundation, Inc. (SAHTF) is a non-profit corporation incorporated in 1990 under the laws of the State of Texas. SAHTF was organized for the purposes of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low and middle income families and to provide administrative and other support for the operations of the City of San Antonio Housing Trust Fund, an Expendable Trust Fund of the City. The Housing Trust Fund was established by the City for the purposes of providing additional and continuing housing opportunities for low and moderate income families; promoting public health, safety, convenience, and welfare; and revitalizing neighborhoods and the downtown area through appropriate housing activities. SAHTF is governed by an eleven member Board of Directors appointed by the City Council.

San Antonio Local Development Company, Inc.

The San Antonio Local Development Company, Inc. (SALDC) is a non-profit corporation organized in 1978 under the laws of the State of Texas and the auspices of the City. SALDC was formed to participate in the Neighborhood Business Revitalization Program (NBRP) which is co-sponsored by the Small Business Administration (SBA), the Economic Development Administration, and the U.S. Department of Housing and Urban Development (HUD).

SALDC, under agreement with the City, administers and operates a revolving loan fund, NBRP that provides qualifying local businesses with loans under economic development programs administered by the SBA. SALDC also administers, by agreement with the City, a U.S. Department of Commerce Title IX Revolving Loan Fund, SBA MicroLoan Program and a HUD 108 Fund. SALDC is governed by a thirty-three member Board of Trustees, appointed by the City Council, and an eleven member Board of Directors appointed from the Board of Trustees.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Essential disclosures related to the above mentioned discretely presented and blended component units are included in the complete financial statements of each of the individual component units. These statements may be obtained at the respective entity's administrative office. The addresses are as follows:

Discretely Presented Component Units

San Antonio Water System
P.O. Box 2449
San Antonio, Texas 78298
Contact Person: Alex Hinojosa
Telephone No. (210) 704-7410

City Public Service
P. O. Box 1771
San Antonio, Texas 78296-1771
Contact Person: Patricia M. Major, CPA, CCM
Telephone No. (210) 353-2455

San Antonio Development Agency
115 E. Travis, Suite 800
San Antonio, Texas 78205
Contact Person: Felix Lopez
Telephone No. (210) 225-6833 ext. 203

San Antonio Higher Education Authority
P.O. Box 830504
San Antonio, Texas 78283-0504
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

Greater Kelly Development Authority
143 Billy Mitchell Blvd., Ste 6
San Antonio, Texas 78226
Contact Person: Paul Roberson
Telephone No. (210) 362-7800

San Antonio Housing Trust Foundation, Inc.
2515 Blanco Rd.
San Antonio, Texas 78212
Contact Person: John Kenny
Telephone No. (210) 735-2772

San Antonio Local Development Company, Inc.
P.O. Box 830505
San Antonio, Texas 78283-0505
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

Blended Component Units

City of San Antonio Health Facilities
Development Corporation
P. O. Box 830504
San Antonio, Texas 78283-0504
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

City of San Antonio Industrial
Development Authority
P. O. Box 830504
San Antonio, Texas 78283-0504
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

San Antonio Fire and Police Pension Fund
311 Roosevelt
San Antonio, Texas 78210-2700
Contact Person: Larry Reed
Telephone No. (210) 534-3262

San Antonio Fire and Police
Retiree Health Care Fund
300 Convent Street, Suite 2500
San Antonio, Texas 78205
Contact Person: Paul Villareal
Telephone No. (210) 220-1339

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to CPS and SAWS would be misleading. CPS and SAWS have been identified as significant discretely presented component units both as they relate to total component units and to the primary government. Therefore, relevant disclosures have been included in the City's financial statements.

Related Organizations

The City Council appoints the members to the Board of Directors for the San Antonio Housing Authority. However, the City's accountability for this entity does not extend beyond making appointments to the Board of Directors and the coordination and approval of strategic plans.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund equity and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three broad fund categories, seven generic fund types, and two account groups as follows:

1. Governmental Funds

General Fund - The General Fund of the City accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

2. Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Proprietary Funds (Continued)

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City's self-insurance programs, data processing programs, and other internal service programs are accounted for in this fund type.

3. Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Pension Trust, Retiree Health Care Trust, Expendable Trust and Agency Funds. Pension Trust and Retiree Health Care Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups

The General Fixed Assets Account Group and the General Long-Term Debt Account Group are self-balancing groups of accounts that are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations. Public domain ("infrastructure") improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized along with other general fixed assets. No depreciation is recorded for general fixed assets.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to account for long-term liabilities expected to be financed from governmental funds.

C. Basis of Accounting

Governmental Funds, Expendable Trust Funds and Agency Funds are accounted for on the modified accrual basis. Revenues are recognized in the accounting period in which they become available and measurable. Gross receipts and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for unmatured interest on general long-term debt.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Governmental Funds and Expendable Trust Funds are accounted for on a spending or "current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "current financial resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "current financial resources" during the period.

Special reporting treatment is also applied to governmental fund inventories to indicate that they do not represent "current financial resources", even though they are a component of net current assets. Such amounts are generally offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Proprietary, Pension Trust, and Retiree Health Care Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. These Funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The reported Proprietary Fund type equity (net assets) is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net assets.

The City, for its proprietary activities, applies all applicable GASB Statements as well as FASB Statements and Interpretations, APB Opinions, and ARBs issued on or before November 30, 1989 in accordance with the provisions of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting". The City and its discretely presented proprietary component units, CPS and SAWS, have elected not to apply any FASB Statements and Interpretations issued after November 30, 1989.

D. Encumbrance Accounting

Encumbrances, which represent commitments for open purchase orders or unperformed contracts for goods or services, are reported as a reservation of fund balance in the General Fund, Special Revenue Funds, Capital Projects Funds, and Expendable Trust Funds. These outstanding encumbrances serve as authorization for expenditures in the subsequent year.

Encumbrances are reflected in the General Fund and Special Revenue Funds Combined Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance--Budget and Actual to provide a more meaningful comparison with budget but are not considered expenditures in the financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GASB Implementations

The City will evaluate and implement in the appropriate fiscal years the following new accounting standards for those statements issued by the Governmental Accounting Standards Boards with effective dates beginning after October 1, 2001. No new GASB implementations occurred for fiscal year 2000.

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", effective for periods beginning after June 15, 2000.

GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", effective for periods beginning after June 15, 2001. Statement No. 34 also provides a transition period for the retroactive reporting requirements associated with general infrastructure assets. Retroactive reporting of general infrastructure assets is required for periods beginning after June 15, 2005.

GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33", effective for periods beginning after June 15, 2000.

The City has not fully determined the effects that the implementation of these statements will have on the City's financial statements or the financial statements of component units.

F. Budgets

The City Charter establishes requirements for the adoption of budgets and budgetary control. Under provisions of the Charter, expenditures of each City function and activity within individual funds cannot legally exceed the final budget approved by the City Council. Amendments to line items within a departmental budget may be initiated by departmental directors. During the year, several supplementary appropriations which were not considered material were made and all amendments complied with City Charter requirements.

The City prepares an annual budget for its General Fund, Special Revenue Funds (with the exception of the Special Revenue Home Program, Categorical Grant-In-Aid, Housing and Urban Development 108 Loan Program, and Community Development Program Funds), and the Debt Service Fund. In addition, budgets are not adopted by the City for the San Antonio Industrial Development Authority or the San Antonio Health Facilities Development Corporation, which have been presented as blended component units based on GASB Statement No. 14.

Budgets for the Special Revenue Home Program, Categorical Grant-In-Aid, Housing and Urban Development 108 Loan Program, and Community Development Program Funds as well as the Capital Projects Funds are adopted on a project basis rather than on an annual basis. Appropriations in these funds remain open and carryover to succeeding years until the related expenditures are made or until they are modified or canceled.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets (Continued)

The annual budgetary data reported for the General Fund, Special Revenue Funds, and Debt Service Funds represent the original appropriation ordinance and amendments thereto as adopted by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year end.

The following provides a summary of the City's budgeting policy with respect to Special Revenue Funds based on actual fiscal year 2000 results:

Special Revenue Funds

	Actual		
	Revenues	Expenditures	Other Sources
Budgeted on an annual basis	$109,059	$118,089	$33,075
Less: Encumbrances		(2,629)	(13,041)
Budgeted on a project basis	166,958	168,381	580
Subtotal	$276,017	$283,841	$20,614
Blended Component Units	14	3	
Total Special Revenue Funds	$276,031	$283,844	$20,614

The budget is prepared using the modified accrual basis of accounting except for the recognition of encumbrances within the expenditure appropriations. Included in the above summary are blended component units which do not adopt a budget but are merely included to facilitate reconciliation.

G. Cash, Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's Investment Policy. City cash is required to be deposited in FDIC-insured banks located within the State of Texas. A pooled cash and investment strategy is utilized which enables the City to have one central depository. Investments are pooled into two primary categories, operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount with principal and interest income distributed to each respective fund on a pro rata basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. In its investment portfolio, the only derivative products utilized by the City are callable bonds. As of September 30, 2000, the City's investment portfolio did not contain any other derivative products nor is it leveraged in any way. For a listing of authorized investments, see Note 3.

The City implemented GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" in fiscal year 1998. Investments are stated at fair value for the Fire and Police Pension Trust Fund and the Fire and Police Retiree Health Care Fund in accordance with GASB Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." The City's policy with respect to money market investments which had a remaining maturity of one year or less at the time of purchase is to report those investments at amortized cost which approximates fair value. The change in fair value of investments with a remaining maturity of greater than one year was immaterial as of fiscal year end. Amortization of premium or accretion of discount is recorded over the term of the investments.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash, Cash Equivalents and Investments (Continued)

For purposes of the statement of cash flows, the City, SAWS and CPS consider all highly liquid investments with an original maturity of approximately ninety days or less to be cash equivalents.

H. Property Taxes

The City recognizes revenues from property taxes in the period for which they were levied. Property taxes receivable include taxes due and amounts expected to be collected within 60 days after the period end, along with related interest and penalties. For additional disclosure related to property taxes, see Note 2.

I. Inventories

Inventories of materials and supplies consist principally of expendable items held for consumption and are stated at cost, based on first-in, first-out and lower of average cost or market methods. For governmental and proprietary fund types, the "consumption" method is used to account for inventories. Under the consumption method, inventory acquisitions are recorded in inventory accounts and charged as expenditures (governmental fund types) or expenses (proprietary fund types) when used.

J. In-Kind Contributions

In-Kind contributions, which include contributions provided by private organizations and local governments, are used to match the requirements of federal and state grants. These in-kind contributions are recorded as revenues and expenditures in the individual grants in accordance with the respective grants' legal requirements and are valued at estimated fair market value at the date of receipt.

K. Fixed Assets and Depreciation

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation on all exhaustible fixed assets of the City used by proprietary funds is charged as an expense with accumulated depreciation being reported on the balance sheet. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives applied are as follows:

Buildings	25 - 40 years
Improvements other than buildings	10 - 40 years
Machinery and equipment	2 - 10 years

Interest costs incurred during the construction of Enterprise Fund fixed assets are capitalized into the cost of the assets being constructed based upon guidelines established by the Statement of Financial Accounting Standards No. 62.

The CPS utility plant is stated at the cost of construction, including costs of contracted services, direct material and labor, indirect costs, including general engineering, labor and material overhead, and an allowance for interest used during construction (AIUDC). CPS computes AIUDC using rates representing the cost of borrowed funds on projects estimated to cost in excess of $250. Proceeds from customers to partially fund construction expenditures are credited against costs for the projects. Retirements of utility plant, together with removal costs less salvage

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fixed Assets and Depreciation (Continued)

value, are charged to accumulated depreciation. The maintenance of property, as well as replacements and renewals of items determined to be less than a unit of property, are charged to maintenance expense. General utility plant assets consist of land, buildings, and equipment for general and administrative purposes that are commonly used in electric and gas operations.

CPS computes depreciation using the straight-line method over the estimated service lives of the various classes of depreciable property. Depreciation as a percentage of the average depreciable plant was 3.00 % in 2000.

CPS amortizes its share of nuclear fuel for the South Texas Project (STP) to fuel expense on a unit-of-production method. Under the Nuclear Waste Policy Act of 1982, the federal government assumed responsibility for the permanent disposal of spent nuclear fuel. CPS is charged a fee for disposal of spent nuclear fuel, which is based upon CPS' share of the STP generation that is available for sale to CPS customers. This change is included in fuel expense monthly. For further discussion regarding the STP, see Note 10.

The SAWS utility plant in service is recorded on the basis of cost. Assets acquired through capital leases are recorded on the cost basis and are included in utility plant in service. Assets acquired through contributions, such as those from land developers, are capitalized and recorded in the plant accounts at estimated fair value at date of donation. SAWS capitalizes certain interest costs on revenue bonds and commercial paper associated with newly constructed utility plant additions. Maintenance, repairs, and minor renewals are charged to operating expense, while major plant replacements are capitalized.

SAWS' utility plant is depreciated and property under capital lease is amortized on the straight-line method. This method is applied to all individual assets except distribution mains. Groups of mains are depreciated on the straight-line method using rates estimated to fully amortize the costs of the asset group over their estimated average useful life. The following estimated average useful lives are used in providing for depreciation of the SAWS utility plant:

Structures and improvements	50 years
Pumping and purification equipment	10 - 50 years
Distribution and transmission system	25 - 50 years
Collection system	50 years
Treatment facilities	25 years
Equipment and machinery	5 - 20 years
Furniture and fixtures	20 - 50 years
Computer equipment	10 years
Software	3 - 5 years

L. General Bonded Debt Service

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. Amounts estimated to be required for debt service on general bonded debt are provided by allocated property taxes, interest earned within the Debt Service Fund, and transfers from other funds.

M. Compensated Absences

Annual leave pay is accrued as earned for City non-uniformed employees and uniformed fire and police employees. In addition, the City's uniformed fire and police employees accrue sick leave pay. The current portion of the

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

liability resulting from the accrual of these compensated absences related to governmental fund types is recorded in the respective governmental fund while the long-term portion is accounted for in the General Long-Term Debt Account Group. The current and long-term portions of the liability related to proprietary fund types is accounted for in the respective proprietary fund.

N. Insurance

Activity for the City's self-insurance programs is recorded in the Self-Insurance Fund Group. Assets and obligations related to property and casualty liability, employee health benefits, workers' compensation, unemployment compensation, extended sick leave, and employee wellness are included in the Self-Insurance Funds.

The City is insured for property and casualty liability. As of the fiscal year end, the City's property was insured by Royal Lloyds of Texas, while excess liability coverage was provided by the North River Insurance Company of New Jersey. Related liabilities are accrued based on the City's estimates of the aggregate liability for claims made, and claims incurred but not reported prior to the end of the fiscal year.

The City also provides employee health, workers' compensation, and unemployment benefits under its self-insured programs. The City is a member of the Texas Municipal League Workers' Compensation Joint Insurance Fund, and uses this fund as a mechanism for administering workers' compensation claims for employees that occurred prior to September 30, 1986. Workers' compensation claims that occurred after October 1, 1986 are administered by third party administrators. In addition, the City has excess workers' compensation coverage through the North River Insurance Company at September 30, 2000. All workers' compensation loss contingencies, including claims incurred but not reported, are recorded by the City.

Employee health benefit liabilities are determined and accrued based upon the City's estimates of aggregate liabilities for unpaid benefits. Regarding unemployment compensation, the City is subject to the State of Texas Employment Commission Act. Under this act, the City's method for providing unemployment compensation is to reimburse the State for claims paid by the State.

All insurance carriers providing coverage for the City are required to possess an A.M. Best Company rating of A- or better; where A- denotes "Excellent". A.M. Best is an industry recognized rating service for Insurance Companies. For a more detailed explanation of the City's self-insurance programs, see Note 13.

O. Amortization of Federally Contributed Capital

Contributed capital, related to fixed assets acquired by federal or state grants, is being amortized over periods equal to the lives of assets purchased from such contributions of capital.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Equity

Reservations of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative plans identified by management that are subject to change. Designations are utilized in the City's governmental funds for amounts which have been designated for subsequent year's expenditures and amounts allocated to making future improvements and replacements. The proprietary fund's contributed capital represents equity acquired through grants and capital contributions from customers and other funds.

Q. Revenue Recognition

Governmental-type funds record revenues on the modified accrual basis of accounting. That is, revenues are recorded when they are considered susceptible to accrual, meaning that the revenues are both measurable and available to finance current operations. Revenues from property taxes, sales taxes, licenses, interest revenue and charges for services are considered susceptible to accrual. Proprietary-type funds record revenues when earned.

CPS revenues are recognized as they are billed on a cycle basis. CPS rate schedules include fuel and gas cost adjustment clauses that permit recovery of fuel and gas costs in the month incurred. CPS reports fuel and distribution gas costs on the same basis as it recognizes revenue. SAWS revenues are recognized when earned under the accrual basis and flow of economic resources measurement focus.

R. Nuclear Decommissioning

In July 1990, CPS together with the other owners of the STP filed with the Nuclear Regulatory Commission (NRC) a certificate of financial assurance for the decommissioning of the nuclear plant. The certificate assures that CPS will meet the minimum decommissioning funding requirements mandated by the NRC. The STP owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. In 1994, a review of decommissioning costs was conducted, which showed CPS' share of decommissioning costs at approximately $270,000 in 1994 dollars, which also exceeded NRC minimum requirements. In 1999, the owners conducted an additional review of decommissioning, and results showed that CPS' share of decommissioning costs are now approximately $311,000 in 1998 dollars.

Beginning in 1991, CPS started accumulating the decommissioning funds in an external trust, in accordance with the NRC's regulations. The Decommissioning Trust assets and related liabilities are included in CPS' financial statements as a component unit. At January 31, 2000, CPS had accumulated approximately $95,500 of decommissioning funds in the external trust. Based on the annual calculation of financial assurance required by the NRC, CPS' trust balance exceeded the calculated financial assurance amount of $51,500 at December 31, 1999. Based upon the 1994 decommissioning study, the annual levelized funding into the trust of $8,800 for 2000 was expensed by CPS.

S. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Other Budget Disclosures

Excesses of expenditures, transfers and encumbrances over appropriations occurred as follows:

Excesses of Expenditures, Transfers and Encumbrances Over Appropriations

Fund/Expenditures	Appropriations	Expenditures, Transfers and Encumbrances	Excess Expenditures, Transfers and Encumbrances over Appropriations
Special Revenue Funds:			
Streets/Drainage Maintenance Improvement Fund	$ 42,632	$ 44,031	$ 1,399
Child Safety Fund	1,552	1,685	133

In addition, the expenditures in the following function categories in the General Fund exceeded their respective appropriations: Health Services expenditures exceeded appropriations by $248 and Sanitation expenditures exceeded appropriations by $74. The excess expenditures and transfers over appropriations were fully offset by excess actual revenues or fund balances. No deficit fund balances resulted from these excesses.

U. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

2. PROPERTY TAXES

Property taxes are levied and due upon receipt on October 1, attached as an enforceable lien on property as of January 1, and becomes delinquent the following February 1. In fiscal year 1999, the City executed an inter-local agreement with the Bexar County Tax Assessor/Collector's Office to provide property tax billing and collection services at the same level of service to its citizens as previously provided by the City.

Property tax revenues are recognized when they become available which means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. The amount of delinquent taxes collected in October and November, 2000 was not material to these financial statements and, therefore, have not been recognized as revenue. Property tax receivables, including related interest and penalty receivable, net of allowances for uncollectible amounts, represent amounts the City believes will ultimately be collected. Property tax receivable, net of allowances for uncollectible amounts, is offset by deferred revenues. The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to $2.50 per $100 of taxable valuation. The tax rate approved by City ordinance for the year ended September 30, 2000 was $0.57979 per $100 taxable valuation, which means that the City has a tax margin of $1.92021 per $100 taxable valuation and could raise an additional $639,727 per year based on the net taxable valuation of $33,315,479 before the limit is reached.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

City monies are deposited in demand accounts at the City's approved depository. The City utilizes a pooled cash and investment strategy with each fund's cash balance and pro rata share of highly liquid investments, including U.S. Treasury securities, U.S. Government Agency securities, and Repurchase Agreements with original maturities of ninety days or less, summarized by fund type and included in the combined balance sheet as Cash and Cash Equivalents. Overdrafts which result from a fund overdrawing its share of pooled cash are reported as inter-fund payables by the overdrawn fund and as inter-fund receivables of the General Fund.

Collateral is required for demand deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Collateral pledged for demand deposits and certificates of deposit is required to be held in the City's name by the trust or safekeeping department of a bank other than the pledging bank.

Written custodial agreements are required which provide, among other things, that the collateral securities are held separate from the assets of the custodial banks. The City periodically determines that the collateral has a market value adequate to cover the deposits and that the collateral has been segregated either physically or by book entry. At fiscal year-end, cash deposits for the City were entirely collateralized by the City's depository.

During fiscal year 1996, the City entered into Repurchase Agreements in connection with the investment of certain bond proceeds. Although these Repurchase Agreements are considered securities for purposes of credit risk classification, due to their 100% overnight liquidity, they are included with Cash and Cash Equivalents in the combined balance sheet.

The investment policy of the City is governed by state statute and by its own written investment policy. Authorized investments include: demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. Government Agencies, commercial paper, and repurchase agreements. The City maintains in its investment portfolio U.S. Treasury securities and U.S. Government Agency securities with original maturities of more than ninety days. Each fund's pro rata share of these longer term investments is combined with similar non-pooled securities (i.e., securities purchased and held for specific funds), including U.S. Treasury securities, and U.S. Government Agency securities, and are reported as investments in the combined balance sheet, as of September 30, 2000.

For fiscal year 1998, the City implemented the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". The City's policy with respect to money market investments which have a remaining maturity of one year or less at the time of purchase is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The change in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was immaterial as of fiscal year end. The City does not participate in external investment pools.

Investments of the Fire and Police Pension Fund, a blended component unit, are administered by the Fire and Police Pension Fund Board of Trustees. Investments of the Fund are reported at fair value and include: corporate bonds, preferred stock, U.S. Treasury securities, U.S. Government Agency securities, notes, mortgages and contracts, and real estate. Equity and fixed income securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Notes, mortgages, and contracts are valued on the basis of future principal and interest payments discounted at prevailing interest rates. The fair value of real estate investments is based on independent appraisals and on the equity position of real estate partnerships in which the Pension Fund has invested. Gains and losses on sales and exchange of securities are recognized on the trade date. Investments that do not have an established market value are reported at estimated fair value. No investments in any one

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

organization (other than those issued by the U.S. Government) represent five percent or more of plan net assets.

The Pension Fund has entered into an agreement with its custodian bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodian bank to require that collateral equal to 102% and 105% for domestic and international securities, respectively, of the loaned securities be maintained by the custodian bank. Collateral may be in the form of cash, U.S. government securities and irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote.

As of September 30, 2000, the Pension Fund had lending arrangements outstanding with a total market value of $130,126 which were fully collateralized with cash and securities. Related to these loaned securities, cash collateral of $135,554 is recorded in the accompanying statements. Net income for the year ended September 30, 2000 under the securities lending arrangement was $406.

The Pension Fund has only limited involvement with derivative and other structured financial instruments and does not use them for trading purposes. The Pension Fund's investment philosophy in bond portfolios has centered on using derivatives and other structured financial instruments only when comparable cash alternatives are not available. Specifically, the Pension Fund has used the following basic guidelines when entering into such transactions: (1) small allocations, (2) no use of leverage, (3) price floors, (4) short maturities to mitigate potential problems with liquidity and (5) attention to credit risk of the issuer. With less than 1% of total market value invested in derivatives and other structured financial instruments, the Pension Fund has been cautious concerning its aggregate exposure. The fair value of structured financial instruments held for the Pension Fund during fiscal year ended September 30, 2000 was approximately $41,815.

The Pension Fund periodically participates in options and futures in order to hedge the value of a portion of its investments. Financial options and futures are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price on or before a specified expiration date. Unrealized appreciation on these options and futures of approximately $58,148 is included in net appreciation (depreciation) in fair value of investments at September 30, 2000.

The Fire and Police Retiree Health Care Fund Board of Trustees administer investments of the Fire and Police Retiree Health Care Fund, a blended component unit. Investments are reported at fair value and short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value. All investment income, including changes in fair value of investments, is reported as additions in the statement of changes in postemployment healthcare plan net assets. No investments in any one organization (other than those issued by the U.S. Government) represent five percent or more of plan net assets.

The investment policies of SAWS and CPS, the City's significant discretely presented component units, are governed by state statute, local ordinance, and their own respective written investment policies. Authorized investments include: demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. Government Agencies, commercial paper, and repurchase agreements. Additionally, SAWS and CPS implemented the provisions of GASB Statement No. 31 for their respective fiscal year ends of May 31, 1999, and January 31, 1999. The investments of the City, SAWS, and CPS are stated at amortized cost, which approximates fair value as of the fiscal year end of each entity. The difference between amortized cost and fair value was deemed immaterial.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

SAWS is permitted by City Ordinance No. 75686 to invest in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations for which the principal and interest are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities of the United States of America or as otherwise permitted by state law. SAWS general depository agreement does not require SAWS to maintain an average monthly balance.

CPS cash deposits at January 31, 2000 were entirely insured or collateralized by banks for the account of CPS. For deposits that were collateralized, the securities were U.S. Government or Government Agency or U.S. Government guaranteed obligations held in book entry form by the Federal Reserve Bank in CPS' name. CPS' cash book values were approximately $6,738 at January 31, 2000, and CPS' bank balances were $12,282 at year end.

At January 31, 2000, CPS' investments, (excluding the Decommissioning Trust) were all in U.S. Government or Government Agency obligations and were held in book entry form by the Federal Reserve Bank in the name of the safekeeping depository. CPS' investments are generally limited to U.S. Government or Government Agency or U.S. Government guaranteed obligations by CPS Board Resolution and Policy, Bond Ordinances, and State Law. Investments were $537,400 with a market value of $536,800 at January 31, 2000.

At January 31, 2000, CPS' investments in the Decommissioning Trust were held by an independent trustee. Trust investments are generally limited to U.S. Government or Government Agency or U.S. Government guaranteed obligations by CPS Board Resolution and Policy, Trust Agreement, and State Law. Investment securities were carried at a market value of $94,600 for 2000. These funds included U.S. Treasury Strips, purchased with the intent of holding until maturity, totaling $35,200 for 2000. They are subject to market risk and their market value will vary as interest rates fluctuate. This could affect the value at which these securities are recorded and any unrealized gain or loss.

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Combined cash and cash equivalents and investments are presented below as of year end for the City, and its significant discretely presented Component Units, SAWS and CPS. The information is provided to give an indication of the proportionate amount of cash and investments held by each respective entity.

Combined Cash, Cash Equivalents and Investments

	City	SAWS[1]	CPS[2]
Cash and Cash Equivalents	$ 218,339	$ 3,091	$ 6,738
Security Lending Collateral - Cash and Cash Equivalents	135,554		
Investments	2,017,855	79,669	628,763
Less: Investments with Original Maturities of Less Than Ninety Days Included in Cash Equivalents	(159,819)	(47)	
Total	$2,211,929	$ 82,713	$ 635,501

[1]For the period ended May 31, 2000
[2]For the period ended January 31, 2000

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

	City	SAWS[1]	CPS[2]
Totals from combined balance sheet			
Cash and Cash Equivalents	$ 193,334	$ 0	$ 5,981
Security Lending Collateral - Cash and Cash Equivalents	135,554		
Investments	1,800,841	15,895	110,196
Restricted Cash and Cash Equivalents	25,005	3,091	757
Restricted Investments	57,195	63,727	518,567
Total Cash, Cash Equivalents and Investments	$ 2,211,929	$ 82,713	$ 635,501

[1]For the period ended May 31, 2000
[2]For the period ended January 31, 2000

The composition of Cash and Cash Equivalents included in the financial statements for the City and its significant discretely presented Component Units as of the respective year ends is presented below.

	City	SAWS[1]	CPS[2]
Deposits with Financial Institutions	$ 9,084	$ 14,017	$ 6,648
Less: Deposits with Original Maturities of Greater than Ninety Days		(11,000)	
Investments with Original Maturities of Less than Ninety Days	159,819	47	
Cash with Pension/Retiree Healthcare Fiscal Agents	49,175		
Cash with Fiscal Agents	57		
Cash with Bond Paying Agents	9		
Cash with Other Financial Agents	36		
Petty Cash Funds	159	27	90
Total Cash and Cash Equivalents	$ 218,339	$ 3,091	$ 6,738

[1]For the period ended May 31, 2000
[2]For the period ended January 31, 2000

Cash with fiscal agents of the Fire and Police Pension Fund and the Fire and Police Retiree Healthcare Fund of the City of San Antonio have been approved by the Funds' Board of Directors and are invested as authorized by Texas State Statutes. Cash with bond paying agents are held to cover matured bonds and coupons which have been offset by a corresponding liability in the City's financial statements.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits with financial institutions are classified into three categories of credit risk based upon the following:

Category	Description
1	Deposits insured by the FDIC or collateralized with securities held by the City or the City's agent in the City's name.
2	Deposits collateralized by securities held by the pledging bank's agent in the City's name.
3	Deposits uncollateralized which include deposits collateralized by securities held by the pledging financial institution or by its trust department or agent but not in the City's name.

Accordingly, deposits of the City, SAWS and CPS are categorized by credit risk as follows:

			Category		
Units	Carrying Amount	Bank Balance	1	2	3
City Deposits With Financial Institutions	$ 9,084	$ 25,113	$ 25,113	$ 0	$ 0
Deposits With Agents	49,277	49,277	49,232	45	
SAWS Deposits	14,017	15,802	15,802		
CPS Deposits With Financial Institutions	6,648	12,282	12,282		

Cash with fiscal agents of the Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund of the City of San Antonio are classified as Category 1 and cash with Bond Paying Agents is classified as Category 2. The Fire and Police Pension Fund also had securities lending collateral - cash and cash equivalents in the amount of $135,554 which is not categorized for credit risk as it had been invested in a securities lending collateral investment pool.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments are classified into three categories of credit risk based upon the following:

Category	Description
1	Includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name.
2	Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
3	Includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

Accordingly, the investments of the City, SAWS, and CPS are categorized below to give an indication of the level of risk assumed:

Total Investments By Category

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
City:					
Corporate Bonds	$ 121,679	$	$	$ 121,679	$ 121,679
Preferred Stock	834			834	834
Common Stock	880,758			880,758	880,758
U.S. Treasury & Government Agency Securities	680,249			680,249	682,113
Repurchase Agreements		56,907		56,907	56,907
Notes, Mortgages, Contracts	113,873			113,873	113,873
Venture Capital Partnerships and Other Alternative Investments	97,718			97,718	97,718
Total Categorized Investments	1,895,111	56,907		1,952,018	1,953,882
Investments not Categorized:					
Money Market Mutual Fund				14,813	14,813
Total City	$ 1,895,111	$ 56,907	$	$ 1,966,831	$ 1,968,695
SAWS:					
U.S. Treasury & Government Agency Securities	$ 68,669			$ 68,669	$ 68,371
Total SAWS	$ 68,669	$	$	$ 68,669	$ 68,371
CPS:					
U.S. Treasury & Government Agency Securities	$ 628,763			$ 628,763	$ 631,433
Total CPS	$ 628,763	$	$	$ 628,763	$ 631,433

As of the fiscal year end, in addition to the investment securities presented and categorized as to credit risk in the table above, the Fire and Police Pension Fund had Real Estate investments of $51,024 which were not included in the table above. These investments are not considered securities and as such, are not categorized for credit risk. The total Real Estate investments of $51,024 and the $1,966,831 in securities categorized as to risk in the table above, comprise the City's total investments of $2,017,855.

(amounts are expressed in thousands)

4. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in the General Fixed Assets Account Group:

Summary of Changes in General Fixed Assets Account Group

	Balance Oct. 1, 1999	Additions	Deletions/ Transfers	Balance Sept. 30, 2000
Land and Land Improvements	$ 321,034	$ 16,402	$	$ 337,436
Buildings	438,095	12,116		450,211
Streets and Bridges	474,100	9,202		483,302
Storm Drainage and Flood Prevention	337,026	16,036		353,062
General City Equipment	125,934	19,482	1,376	144,040
Construction-in-Progress	369,513	115,218	44,402	440,329
Total General Fixed Assets	$ 2,065,702	$ 188,456	$ 45,778	$ 2,208,380

Construction-in-progress related to the General Fixed Assets Account Group is comprised of the following:

Construction-In-Progress: General Fixed Assets Account Group

	Project Authorization	Expended to Sept. 30, 2000	Committed	Required Future Financing
Buildings	$ 39,640	$ 23,745	$ 15,895	None
Streets and Bridges	169,088	113,843	55,245	None
Storm Drainage and Flood Prevention	151,760	96,605	55,155	None
Improvements Other Than Buildings	246,397	206,136	40,261	None
Total	$ 606,885	$ 440,329	$ 166,556	None

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(amounts are expressed in thousands)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

A summary of Proprietary Fund Type and Fiduciary Fund Type property, plant and equipment at September 30, 2000 (except as noted) follows:

Proprietary and Fiduciary Fund Type Property, Plant and Equipment

	Airport System	Parking Facilities	Golf Course System	Solid Waste System	Total Primary Government Enterprise Funds	Internal Service	Fiduciary Fund	Total Primary Government	Gas and Electric System (CPS)[1]	San Antonio Water System (SAWS)[2]
Computer Equipment	$ 620	$ 130	$ 37	$ 153	$ 940	$ 22,189	$ 32	$ 23,161	$ 0	$ 0
Land	2,969	8,125	2,579	496	14,169			14,169		34,935
Buildings	111,895	18,961	4,008	45	134,909	178	491	135,578		
Improvements Other Than Buildings	145,621	1,661	5,522	1,696	154,500	179		154,679		
Gas and Electric System									5,545,582	
Water System										1,736,546
Machinery and Equipment	7,809	837	2,748	3,071	14,465	89,415	65	103,945		89,564
Construction-In-Progress	57,039	1,000		1,663	59,702			59,702	345,751	235,272
Nuclear Fuel, at Amortized Cost									51,751	
Total	325,953	30,714	14,894	7,124	378,685	111,961	588	491,234	5,943,084	2,096,317
Less: Accumulated Depreciation	104,611	7,687	4,566	2,940	119,804	72,889	233	192,926	1,808,877	568,705
Net Property, Plant and Equipment	$ 221,342	$ 23,027	$ 10,328	$ 4,184	$ 258,881	$ 39,072	$ 355	$ 298,308	$ 4,134,207	$ 1,527,612

The City capitalizes interest incurred on construction projects, in accordance with Statement of Accounting Standards No. 62 issued by the Financial Accounting Standards Board. SAWS and CPS capitalized construction period interest in the amount of $4,453 and $13,286, respectively, and the City of San Antonio capitalized no interest for construction.

[1] For the period ended January 31, 2000

[2] For the period ended May 31, 2000

(amounts are expressed in thousands)

5. DUE TO (FROM) OTHER FUNDS

The following is a summary of interfund receivables and payables for the City as of September 30, 2000.

Summary Table of Interfund Receivables and Payables at September 30, 2000

	Due From Other Funds	Due To Other Funds
General Fund	$ 13,664	$ 122
Special Revenue Funds:		
Convention Center Expansion Fund	73	
Emergency Medical Service		54
Hotel Motel Tax	12	1
Alamodome		22
Confiscated Property		2
Street Maintenance and Improvements	1,375	
Public Health Support Revenue Fund		43
Child Safety Fund		1
Nelson Wolff	21	
Stormwater Operations Fund	815	525
International Center		12
Home Program Fund		1,601
Categorical Grants-In-Aid Fund	372	11,001
Community Development Program Fund		1,778
Total Special Revenue Funds	2,668	15,040
Debt Service Funds	206	35
Capital Projects Funds:		
Improvement Projects		525
Convention Center Expansion		72
Total Capital Projects Funds		597
Enterprise Funds:		
Airport System Fund	116	124
Parking Facilities		13
Solid Waste	476	250
Total Enterprise Funds	592	387
Internal Service Funds		
Other Internal Services		343
Information Services	187	
Self Insurance		3
Total Internal Service Funds	187	346
Fiduciary Expendable Trust Funds:		
Bexar County Rabies Control Fund		48
Memorials & Gifts Fund		270
Total Fiduciary Funds		318
Fiduciary Agency Funds:		
Tax Clearance Account		206
Special Downtown Improvement District/911		36
Special Events Security Trust Fund		230
Total Agency Funds		472
Total	$ 17,317	$ 17,317

(amounts are expressed in thousands)

6. LONG-TERM DEBT

A. Primary Government (City)

1. General Long-Term Debt

The City maintains a proactive debt management policy. The City's debt management plan employs a comprehensive analysis of the City's financial resources and capital improvement costs. Incorporated into the plan are long-term cash flow projections for the City's infrastructure needs, annexation plans, growth in assessed valuations and the revenue generating capacity of certain enterprise and self-supporting operations. The objective of the planning process is to minimize the cost of funds, minimize the impact on taxes and/or rate structures and maximize the benefits of capital improvements. Consistent with overall debt management is maintaining strong credit-worthiness. Routine, comprehensive financial analysis and strict adherence to conservative financial management has allowed the City to meet its financing needs while at the same time maintaining its Aa2/AA+/AA+ bond rating by Moody's Investors Service, Standard & Poor's Public Finance Ratings Services and Fitch, Inc., respectively as of September 30, 2000.

The City's on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2000. In November 1999, the City issued the following: $12,000 General Improvement Bonds, Series 1999; and $4,230 Combination Tax and Revenue Certificates of Obligation, Series 1999. Concurrently with the issuance of the 1999 bond issuance obligations, the City authorized the implementation of a $50,000 General Improvement Commercial Paper Program. As of September 30, 2000 the City has issued $15,000 of the Tax Exempt Commercial Paper Notes. In February 2000, the City issued the following: $27,565 General Improvement Bonds, Series 2000; and $8,490 Combination Tax and Revenue Certificates of Obligation, Series 2000. The bonds and tax-exempt commercial paper notes are secured by a pledge of ad valorem taxes while the certificates are secured by a pledge of ad valorem taxes and revenues from certain revenue generating operations.

The General Improvement Bonds, Series 1999 will be utilized to fund capital improvement projects to include parks, public safety, library, flood control, drainage, and street improvements. The Series 1999 Bonds are retired serially in the years 2002 through 2020 and bear interest rates ranging from 5.375% to 6.000%.

Proceeds of the Combination Tax and Revenue Certificates of Obligation, Series 1999 will be utilized to fund capital improvements to include public safety, street, sidewalk, and drainage improvements; improvements, renovations, and furnishing municipally-owned utilities; and acquisition of land and rights-of-way for public purposes. The certificates are retired serially in the years 2002 through 2020 and bear interest rates ranging from 5.750% to 6.000%.

In addition to the 1999 bond issuance, Tax Exempt Commercial Paper Notes will be utilized as interim financing for various 1999 authorized projects. These notes have maturity dates of less than 270 days and bear interest rates ranging from 4.05% to 4.30%.

The General Improvement Bonds, Series 2000 will be utilized to fund capital improvement projects to include parks, drainage, and street improvements. The Series 2000 Bonds are retired serially in the years 2002 through 2020 and bear interest rates ranging from 4.500% to 5.000%.

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. General Long-Term Debt (Continued)

Proceeds of the Combination Tax and Revenue Certificates of Obligation, Series 2000 will be utilized to fund capital improvements to include public safety, improvements, renovations, and furnishing municipally-owned utilities; and acquisition of land and rights-of-way for public purposes. The certificates are retired serially in the years 2002 through 2020 and bear interest rates ranging from 4.500% to 5.000%.

On May 1, 1999, the citizens of San Antonio passed an election authorizing the issuance of $140,200 general improvement bonds. Proceeds from these bonds will be utilized to continue to finance the City's long-term capital improvement program to include improvements to drainage, street and pedestrian, flood control, parks and recreation, library system, and public safety. The bonds are scheduled to be sold in installments in fiscal years 2000 through 2004.

As of September 30, 2000, the City had $129,860 of general obligation debt authorized but unissued. Of this remaining authorization, $16,660 was authorized pursuant to an election held on January 26, 1980 and the City does not intend to issue the $16,660 in bonds. For additional information on the City's debt authorization, see the table in this section entitled, "Authorized But Unissued Tax Bonds".

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. General Long-Term Debt (Continued)

The following table is a summary of changes for the year ended September 30, 2000 for debt reported in the General Long-Term Debt Account Group which is secured by an ad valorem tax pledge.

General Long-Term Debt Account Group (Ad Valorem Tax Pledge)

Issue	Original Amount	Final Principal Payment[1]	Interest Rates (%)[1]	Balance Outstanding October 1, 1999	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2000
General Obligation Bonds							
1988 Refdg.	$ 132,978	2006	7.400-7.450	$ 4,008	$	$	$ 4,008
1991	60,645	2001	8.625	3,050		1,475	1,575
1992 Refdg.	380,540	2013	5.125-5.750	295,890		22,935	272,955
1993 Refdg.	92,165	2014	4.000-8.000	84,815		2,510	82,305
1994	30,450	2004	5.700-6.000	6,000		1,050	4,950
1996	35,330	2015	5.100-5.250	31,000		1,225	29,775
1996A Refdg.	82,235	2016	4.250-6.000	78,170		1,275	76,895
1996B Refdg.	6,030	2008	6.250-6.700	5,360		440	4,920
1998 Refdg.	30,855	2018	4.500-5.000	30,855		710	30,145
1998A Refdg	53,950	2008	5.500-6.000	52,595		1,420	51,175
1998A Refdg.	47,740	2019	4.000-5.250	47,740		90	47,650
1999	12,000	2020	5.375-6.000		12,000		12,000
2000	27,565	2020	4.500-5.000		27,565		27,565
Subtotal	$ 992,483			$ 639,483	$ 39,565	$ 33,130	$ 645,918
Tax –Exempt Commercial Paper							
Series 2000	$	2001	4.050-4.300	$ 0	$ 15,000	$	$ 15,000
Subtotal	$ 0			$ 0	$ 15,000	$	$ 15,000
Tax –Exempt Certificates of Obligation							
Series 1986A	$ 22,600	2001	6.700	$ 2,735	$	$ 1,325	$ 1,410
Series 1988	4,400	2002	7.200-7.300	750		225	525
Series 1991	10,075	2001	6.250	1,450		700	750
Series 1992	17,655	2013	5.125-5.750	10,470		1,390	9,080
Series 1994	9,900	2004	5.750-7.750	1,960		325	1,635
Series 1996	8,415	2015	5.100-5.400	7,400		285	7,115
Series 1996A	12,515	2016	4.250-5.375	11,270		450	10,820
Series 1998	4,315	2018	4.600-5.000	4,315		285	4,030
Series 1998A	36,535	2019	4.000-5.250	36,535		1,450	35,085
Series 1999	4,230	2020	5.750-6.000		4,230		4,230
Series 2000	8,490	2020	4.500-5.000		8,490		8,490
Subtotal	$ 139,130			$ 76,885	$ 12,720	$ 6,435	$ 83,170
Taxable Certificates of Obligation							
Series 1988	$ 6,700	2008	9.400-9.500	$ 4,650	$	350	$ 4,300
Series 1996	6,160	2015	6.550-7.125	5,500		200	5,300
Series 1996B	7,375	2016	6.250-7.250	6,695		225	6,470
Subtotal	$ 20,235			$ 16,845	$ 0	$ 775	$ 16,070
Total	$ 1,151,848			$ 733,213	$ 67,285	$ 40,340	$ 760,158

[1]A portion of the outstanding principal applicable to certain series of bonds was advance refunded, prior to maturity, by the Series 1988, 1992, 1993, 1996A, 1996B, 1998 and 1998A refunding bonds. Proceeds from the refunding bonds along with a cash contribution from the City's Debt Service Fund were utilized to purchase securities, guaranteed by the United States of America, which were irrevocably deposited into escrow accounts whose principal is scheduled to mature on such dates that when added to interest earned in the escrow accounts, is fully sufficient to make timely payment on the refunded bonds. The refunded bonds represent a legal defeasance and are not a liability of the City. The final principal payment, on a calendar year basis, and interest rate applicable to the outstanding non-refunded bonds is as shown in this table.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. General Long-Term Debt (Continued)

Hotel Occupancy Tax Revenue Bonds

In 1990, the City commissioned Arthur Andersen & Co. to complete a convention center expansion feasibility analysis. The study concluded that the convention market in the City and nationally was healthy and expanding. The study further concluded that... "historic market trends, current market conditions, and the ability of the City to attract future tourism and convention business warrant expansion of the Henry B. Gonzalez Convention Center." In 1994, the City enlisted the services of the Urban Land Institute to, among other things, reexamine the necessity for the City to undertake a convention center program and to suggest alternative expansion options. This study was completed in the Fall of 1994 and it was recommended that the City commence with the construction of additional new convention accommodations and renovate certain existing facilities.

Consistent with the studies and recommendations, the City began work on the construction and expansion of the Henry B. Gonzalez Convention Center during fiscal year 1996. The major funding component for the project is derived from the March 14, 1996, sale of $182,012 Hotel Occupancy Tax Revenue Bonds, Series 1996. As security for the Series 1996 Bonds, the City has pledged its revenue from the 2% Expansion Hotel Occupancy Tax, 5.25% of the 7% General Hotel Occupancy Tax, and interest earnings exclusive of the Construction Fund and Facilities Fund. Interest rates on the bonds range from 4.50% to 6.20% with a final bond maturity of August 15, 2026. The bonds are insured by Financial Guaranty Insurance Company and are rated Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's Public Finance Ratings Services, and Fitch, Inc., respectively. The underlying rating is A/A+/A by each of the aforementioned rating agencies, respectively.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. General Long-Term Debt (Continued)

Annual Requirements

The annual requirements to amortize all General Obligation, Tax Exempt Commercial Paper, Certificates of Obligation, and Hotel Occupancy Tax Revenue general long-term debt outstanding as of September 30, 2000, are as follows:

Principal and Interest Requirements

Year Ending September 30,	General Obligation Bonds		Tax Exempt Commercial Paper		Certificates of Obligation		Hotel Occupancy Tax Revenue Bonds		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2001	$ 35,420	$ 34,378	$	$ 788	$ 7,635	$ 5,383	$ 830	$ 8,859	$ 93,573
2002	42,455	32,313	470	775	6,185	4,935	1,380	8,821	97,349
2003	45,315	29,859	495	750	5,020	4,606	2,045	8,756	96,856
2004	46,520	27,460	525	723	5,325	4,340	2,785	8,658	96,351
2005	43,559	30,031	555	695	5,140	4,054	3,515	8,522	96,086
2006	42,579	27,870	585	665	5,405	3,778	4,255	8,346	93,498
2007	47,395	20,731	615	633	5,740	3,481	5,105	8,091	91,811
2008	49,615	18,117	645	600	6,030	3,152	5,995	7,823	91,992
2009	51,765	15,130	680	565	5,265	2,806	6,970	7,505	90,706
2010	54,175	12,610	720	529	5,570	2,520	8,035	7,129	91,308
2011	57,530	9,621	760	490	5,870	2,214	3,737	12,150	92,397
2012	33,400	6,558	800	449	6,175	1,889	3,785	12,862	65,943
2013	32,300	4,801	840	406	6,495	1,543	3,662	13,335	63,402
2014	25,165	3,123	885	361	6,045	1,178	3,419	13,577	53,783
2015	10,470	1,854	935	313	4,915	874	3,190	13,807	36,383
2016	8,015	1,306	985	262	3,885	590	2,973	14,024	32,070
2017	5,970	888	1,040	209	2,405	372	2,797	14,200	27,916
2018	6,280	574	1,095	153	2,525	246	10,310	6,687	27,900
2019	4,765	293	1,155	94	2,570	119	10,905	6,094	26,035
2020	3,225	86	1,215	31	1,040	28	11,530	5,467	21,937
2021							12,190	4,810	17,000
2022							12,885	4,115	17,000
2023							13,615	3,380	16,995
2024							14,395	2,604	16,999
2025							15,215	1,784	16,999
2026							16,080	917	16,997
2027									
Total	$ 645,918	$ 277,603	$ 15,000	$ 9,491	$ 99,240	$ 48,108	$ 181,603	$ 212,323	$ 1,489,286

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. General Long-Term Debt (Continued)

Authorized But Unissued General Obligation Debt

Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued	Commercial Paper Notes Previously Issued	Bonds Authorized But Unissued
1-26-80[1]	Drainage and Flood Control	$ 21,637	$ 17,413	$	$ 4,224
1-26-80[1]	Fire Protection	4,257	2,125		2,132
1-26-80[1]	Libraries	4,978	3,926		1,052
1-26-80[1]	Street, Bridge, and Related Improvements	43,287	34,035		9,252
5-07-94	Street Improvements	25,600	25,600		0
5-07-94	Drainage Improvements	34,400	34,400		0
5-07-94	Parks and Recreation	41,600	41,600		0
5-01-99	Streets and Pedestrian Improvements	41,300	4,000	5,000	32,300
5-01-99	Drainage	19,000	1,095	1,365	16,540
5-01-99	Flood Control	12,200	1,985	2,480	7,735
5-01-99	Parks and Recreation	24,200	2,680	3,350	18,170
5-01-99	Library System	13,200	140	180	12,880
5-01-99	Public Safety	30,300	2,100	2,625	25,575
Total		$ 315,959	$ 171,099	$ 15,000	$ 129,860

[1]The City has authority pursuant to an election held on January 26, 1980, to issue $16,660 in bonds for libraries, fire protection, drainage and flood control, and street, bridge and related improvements, but the City does not currently intend to issue any such bonds.

Debt Limitation

The amount of debt that the City may incur is limited by City Charter and by the Constitution of the State of Texas. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10% of the total assessed valuation. The total assessed valuation for the fiscal year ending 2000 was $37,193,947 which provides a debt ceiling of $3,719,395. The total outstanding debt that is secured by an ad valorem tax pledge is $780,378.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed $2.50 for each one hundred dollars of assessed valuation of taxable property. There is no limitation within the $2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from $1.50 tax rate calculated at 90% collections.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. General Long-Term Debt (Continued)

Quasi-External Notes Payable

As an alternative to the issuance of external debt to finance certain projects/purchases, the City has determined that the use of available cash balances in the Internal Service Equipment Replacement Funds is a viable option. In certain instances, after an evaluation of project/purchase funding requirements, it has been determined that some funds or operations may require temporary financing. As an option, the City has authorized such internal temporary financing from available cash balances in the Internal Service Equipment Replacement Funds to meet these needs.

In June 1999, a loan was authorized from the City's Internal Service Fund to the International Center Fund (Special Revenue Fund) to assist in the financing of permanent building improvements and leasing agent commissions. The principal amount of the note is $200 with an annual interest rate of 6% and a repayment period of October 1999 through September 2003. In December 1999, a second loan was authorized from the City's Internal Service Fund to the International Center Fund to cover additional permanent building improvements. The principal amount of the note is $137 with an annual interest rate of 6% and a repayment period of December 1999 through September 2003. In September 1999, a third loan was authorized from the City's Internal Service Fund to the International Center Fund to cover additional permanent building improvements. The principal amount of the note is $62 with an annual interest rate of 6% and a repayment period of April 2000 through September 2003. Revenues from the International Center rentals will be utilized to meet the annual principal and interest requirements of the notes. These interfund transactions have been classified as "Quasi-external" transactions and accounted for as if the transactions had occurred with a party external to the City. Therefore, as of September 30, 2000, the remaining balance for the notes payable from the International Center Fund has been recorded in the General Long-Term Debt Account Group. The following is an annual debt service schedule:

Principal and Interest Requirements

Year Ending September 30,	Principal	Interest	Total Annual Requirements
2001	$ 101	$ 19	$ 120
2002	106	13	119
2003	113	7	120
Total	$ 320	$ 39	$ 359

Leases

In September 2000, the City entered into a lease-purchase agreement for the acquisition of fire pumper trucks, fire aerial trucks and firefighter personal protective equipment. The gross value of these assets at September 30, 2000 was $4,117. The remaining future lease payments under this lease-purchase agreement together with the present value of the net minimum lease payments as of September 30, 2000 are as follows:

Total future minimum lease payments	$4,661
Less amount representing interest	544
Present value of minimum lease payments	$4,117

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. General Long-Term Debt (Continued)

Claims and Settlements

During fiscal years 1995 and 1996, final resolution of audit findings resulting from an Office of the Inspector General, Department of Transportation Report dated April 26, 1993, which disallowed $2,040 of Aviation Fund expenses, was reached with the Federal Aviation Administration. During fiscal year 1999, the disallowed amount was reduced by $367 for restated indirect cost resulting in a remaining balance due of $1,673. Due to the nature of this transaction and method for repayment, this remaining amount payable has been reported as an Other Payable in the General Long-Term Debt Account Group as of September 30, 2000. For additional details, see Note 11, Commitments and Contingencies.

Accumulated Accrued Benefits

The following is a summary of changes in the accumulated accrued benefits for the year ended September 30, 2000:

Accumulated Accrued Benefits

Description	Balance October 1, 1999	Additions	Reductions	Balance September 30, 2000
Sick Leave	$ 41,465	$ 7,703	$ 4,419	$ 44,749
Annual Leave	22,247	21,243	19,671	23,819
Total Accrued Benefits	$ 63,712	$ 28,946	$ 24,090	$ 68,568

2. Proprietary Long-Term Debt

Proprietary long-term debt applies to those City operations that relate to business and quasi-business activities where net income and capital maintenance are measured (Enterprise and Internal Service Funds). Long-term debt which is expected to be repaid from the resources of proprietary funds is reported in the respective proprietary fund. The long-term indebtedness of the City's Enterprise Funds is presented in the discussion that follows.

Airport System: The Airport System includes the City of San Antonio International Airport and Stinson Municipal Airport and all land, buildings, structures, equipment, and facilities pertaining thereto. The Airport System's long-term debt is equally and ratably secured solely by a first lien on and pledge of the Gross Revenues of the Airport System. Gross Revenues of the Airport System include all revenues of any nature derived from contracts or use agreements with airlines and other users of the System and its facilities. No additional long-term indebtedness was incurred by the Airport System during fiscal year 2000. Total annual principal and interest requirements for the Airport System are shown in the table at the end of this section.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

Parking System: The Parking System operation includes the ownership and operation of parking facilities, parking lots, parking meters and retail/office space. In May 2000, the City created a Parking Revenue System and it is anticipated that future long-term debt will be payable solely from parking system revenues. Historically, long-term debt has been allocated to the Parking System on a pro-rata basis from proceeds received from the issuance of other parking related obligations, such as general obligation and certificate of obligation debt, and is paid from revenues derived from the operation of the Parking System. The other parking related obligations is additionally secured by ad valorem tax pledge.

During fiscal year 2000, the City issued $24,845 Parking System Revenue Bonds, Series 2000 which will be utilized to construct two new parking garages; renovate certain existing facilities; and provide signage. The Bonds are payable from and secured by a first lien on and a pledge of the gross revenues derived from the ownership and operation of the City's Parking System. The Series 2000 Bonds are retired serially in years 2004 to 2024 and bear interest rates ranging from 5.000% to 5.750%. The bonds are insured by Ambac Assurance Corporation and are rated Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's Public Finance Ratings Services, and Fitch, Inc., respectively. The underlying rating is A2/A+/A+ by each of the aforementioned rating agencies, respectively. Total annual principal and interest requirements for the Parking System are shown in the table at the end of this section.

Golf Course System: The Golf Course System includes various golf courses and driving and practice ranges. Long-term debt is allocated to the Golf Course System on a pro-rata basis from proceeds received from the issuance of general obligation and certificate of obligation debt and is paid from revenues derived from the operation of the Golf Course System. This allocated debt is additionally secured by an ad valorem tax pledge. No additional long-term indebtedness was incurred by the Golf Course System during fiscal year 2000. Total annual principal and interest requirements for the Golf Course System are shown in the table at the end of this section.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

The following table is a summary of changes in Proprietary Long-Term Debt for the fiscal year ended September 30, 2000.

Proprietary Long-Term Debt

Issue	Original Amount	Final Principal Payment[1]	Interest Rates (%)[1]	Balance Outstanding October 1, 1999	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2000
Airport System							
Revenue Bonds:							
Series 1992	$ 3,130	2009	6.100	$ 3,130	$	$	$ 3,130
Series 1992 Refdg.	21,655	2006	5.400-5.750	12,715		1,485	11,230
Series 1993 Refdg.	73,785	2013	7.000-7.375	61,105		2,685	58,420
Series 1996	38,000	2016	5.700-5.800	37,725		300	37,425
Subtotal	$ 136,570			$ 114,675	$	$ 4,470	$ 110,205
Parking System							
Revenue Bonds:							
Series 2000	$ 24,845	2024	5.125-5.750	$	$ 24,845	$	$ 24,845
General Obligation:							
Series 1992 Refdg.	16,785	2013	5.000-5.750	13,040		1,010	12,030
Series 1996A. Refdg.	495	2014	4.650-6.000	495			495
Series 1998A. Refdg.	1,155	2013	4.000-5.250	1,155			1,155
Tax-Exempt Certificates Of Obligation:							
Series 1992	1,735	2013	5.125-5.750	1,385		70	1,315
Series 1994	700	2004	5.750-7.750	140		25	115
Series 1996	1,105	2015	5.100-5.400	975		40	935
Subtotal	$ 46,820			$ 17,190	$ 24,845	$ 1,145	$ 40,890
Golf Course System[2]							
General Obligation:							
Series 1992 Refdg.	$ 3,295	2011	5.125-5.750	$ 2,500	$	$ 165	$ 2,335
Series 1993 Refdg.	1,515	2006	4.750-8.000	1,425		15	1,410
Series 1998A Refdg.	215	2011	4.000-5.000	215			215
Tax-Exempt Certificates Of Obligation:							
Series 1986A	3,400	2001	6.700	415		200	215
Subtotal	$ 8,425			$ 4,555	$	$ 380	$ 4,175
Total	$ 191,815			$ 136,420	$ 24,845	$ 5,995	$ 155,270

[1]A portion of the outstanding principal applicable to certain series of Parking and Golf Course System bonds and certificates of obligation were advance refunded, prior to maturity, by the Series 1988, 1992, 1993, 1996A, and 1998A refunding bonds. Proceeds from the refunding bonds along with a cash contribution from the City's Debt Service Fund were utilized to purchase securities, guaranteed by the United States of America, which were irrevocably deposited into escrow accounts whose principal is scheduled to mature on such dates that when added to interest earned in the escrow accounts, is fully sufficient to make timely payment on the refunded bonds. The refunded bonds represent a legal defeasance and are not a liability of the City. The final principal payment, on a calendar year basis, and interest rate applicable to the outstanding, non-refunded bonds is as shown in this table.

[2]During fiscal year 2000, $350 from the General Obligation Debt Service Fund was utilized by the Golf Course System to assist with its current year debt service payment. This aggregate amount of $702 will be repaid in the future by the Golf Course System Fund. As such, this amount is recognized as a Note Receivable and Note Payable in each of the respective Funds.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

The annual requirements to amortize all long-term debt for the City's Enterprise Funds including revenue bonds, general obligations, and certificates of obligation outstanding at September 30, 2000, are as follows:

Proprietary Long-Term Debt

Year Ending Sept. 30:	Airport System			Parking System			Golf Course System		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2001	$ 4,755	$ 7,206	$ 11,961	$ 835	$ 2,247	$ 3,082	$ 390	$ 232	$ 622
2002	5,080	6,893	11,973	1,055	2,204	3,259	425	208	633
2003	5,410	6,567	11,977	1,135	2,147	3,282	455	179	634
2004	5,765	6,217	11,982	1,595	2,088	3,683	490	154	644
2005	6,120	5,837	11,957	1,690	2,005	3,695	515	129	644
2006	6,540	5,434	11,974	1,785	1,916	3,701	550	103	653
2007	6,370	5,002	11,372	1,870	1,821	3,691	240	76	316
2008	6,810	4,573	11,383	1,950	1,721	3,671	255	62	317
2009	7,255	4,115	11,370	2,050	1,615	3,665	265	48	313
2010	7,770	3,613	11,383	2,370	1,502	3,872	285	33	318
2011	8,310	3,081	11,391	2,525	1,370	3,895	305	17	322
2012	8,860	2,511	11,371	1,875	1,233	3,108			
2013	9,485	1,902	11,387	1,855	1,132	2,987			
2014	6,800	1,250	8,050	1,380	1,033	2,413			
2015	7,225	859	8,084	1,390	957	2,347			
2016	7,650	444	8,094	1,370	881	2,251			
2017				1,445	806	2,251			
2018				1,535	726	2,261			
2019				1,625	640	2,265			
2020				1,700	548	2,248			
2021				1,800	452	2,252			
2022				1,900	348	2,248			
2023				2,020	239	2,259			
2024				2,135	123	2,258			
Total	$110,205	$65,504	$ 175,709	$ 40,890	$ 29,754	$ 70,644	$ 4,175	$ 1,241	$ 5,416

Leases

Long-term debt of the City's Internal Service Funds and Golf Course Fund consisted of seven lease-purchase agreements. The City's Print Shop, which provides binding, printing, and reproduction services to other City departments, entered into lease-purchase agreements for the acquisition of a print shop copier, a color print shop copier, and a departmental copier. The City's Golf Course Fund entered into two lease-purchase agreements for the acquisition of golf cart equipment, and a lease-purchase agreement for golf turf equipment. The City's Information Services Fund entered into a lease-purchase agreement for the acquisition of a mainframe computer. The gross value of these assets at September 30, 2000 was $2,630. The remaining future lease payments under these capital leases together with the present value of the net minimum lease payments as of September 30, 2000 are as follows:

Total Future minimum lease payments	$1,860
Less amount representing interest	151
Present value of minimum lease payments	$1,709

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

Prior Years Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain General Obligation Bonds, Revenue Bonds and Certificates of Obligation. The refunding bonds were utilized to purchase securities which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow funds in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City, therefore, they are not included in the City's financial statements. On September 30, 2000, $132,949 of previously defeased bonds were outstanding.

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable the San Antonio Industrial Development Authority, Health Facilities Development Corporation and the Higher Education Authority, a discretely presented component unit of the City, to provide financial assistance to various entities for the acquisition, construction or renovation of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired property transfers to the entity served by the bond issuance. As of September 30, 2000, there were thirty-five series of Industrial Revenue Bonds, fifteen series of Health Facilities Development Bonds, and nine series of Educational Facilities Revenue Bonds outstanding. The aggregate principal amount payable for the one series of Industrial Revenue Bonds, the one series of Health Facilities Development Bonds, and the two series Educational Facilities Revenue Bonds issued after October 1, 1997 was $5,500, $20,000 and $18,063, respectively. The aggregate principal amount payable for the remaining series of Industrial Revenue Bonds, Health Facilities Development Bonds, and Educational Facilities Revenue Bonds issued prior to October 1, 1997 could not be determined, however, their aggregate original principal issue amounts were $112,490, $80,581, and $67,720, respectively.

The City also facilitates the issuance of tax exempt revenue bonds to enable the San Antonio Housing Finance Corporation to provide financing of residential developments for persons of low and moderate income. The bonds are secured by the property financed and are payable solely from and secured by a pledge of rental receipts. As of June 30, 2000, there were twenty-four series of tax exempt revenue bonds outstanding with an aggregate principal amount payable of $127,301.

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Facilities Airport Revenue Bonds, Series 1995 and Special Airport Facilities Revenue Refunding Bonds, Series 1999. The bonds are payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third party trustee in-lieu of lease payments to the City. These payments are sufficient to pay when due the principal, premium, interest on and purchase price of the bonds. The aggregate principal amount payable for the Special Facilities Airport Revenue Bonds, Series 1995 and for the Special Airport Facilities Revenue Refunding Bonds, Series 1999 at September 30, 2000 was $5,000 and $4,281, respectively. Neither the City, the State, nor any political subdivision is obligated in any manner for repayment of the aforementioned bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

Special Assessment Debt

During fiscal year 1997, the City issued $2,730 Special Assessment Revenue Refunding Bonds, Series 1997. The net proceeds of the transaction of $2,670 after payment of costs of issuance plus a cash contribution from the Special Assessment District of $957 were utilized to purchase securities guaranteed by the United States of America. These securities were deposited into an irrevocable escrow account and together with interest earned in the account will provide for all future debt service payments on the refunded debt. Accordingly, the refunded debt is considered to be defeased.

As of September 30, 2000, $850 of special assessment debt was outstanding, the final payment will be made on March 1, 2001. The City is not obligated in any manner for this debt; therefore, the liability is not reported in the City's financial statements. The City acts as an agent for the Downtown Improvement District and transactions related to this debt are recorded in the Special Downtown Improvement District Agency Fund.

Tax Increment Financing

During 1998, City Council approved "Guidelines and Criteria" for the utilization of "Tax Increment Financing" ("TIF") and the creation of "Tax Increment Reinvestment Zones" ("TIRZ") pursuant to Chapter 311 of the Texas Tax Code. The City is utilizing TIF as a vehicle to fund in whole or in part eligible capital costs related to economic development, commercial and residential projects. As of September 30, 2000, City Council has approved the final project and financing plans for seven TIRZ. These TIRZ are also referred to as the Rosedale Project, Highland Heights Project, New Horizons Project, Mission Del Lago Project, La Paz Project, Brookside Project, Houston Street Project, and were established in order to reimburse developers for the financing costs and public improvements to be made in each of the TIRZ for construction of single family and multi-family residential housing, single family housing and commercial redevelopment respectively.

B. City Public Service (CPS)

As of January 31, 2000 the Bond Ordinances for New Series Bonds issued on and after August 6, 1992 contain, among others, the following provisions:

Gross Revenue is applied as follows: (a) for maintenance and operating expenses of the systems, (b) for payments of the New Series Bonds, including the establishment and maintenance of the reserve therefore, (c) for the payment of any obligations inferior in lien to the New Series Bonds which may be issued, (d) for an amount equal to 6% of the gross revenues of the systems to be deposited in the Repair and Replacement Account, (e) for cash payments and benefits to the City not to exceed 14% of the gross revenues of the systems, and (f) any remaining net revenues in the General Account to the Repair and Replacement Account.

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6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS) (Continued)

Revenue Bonds

A summary of revenue bonds is as follows:

City Public Service
Revenue Bonds
For Fiscal Year Ended January 31st

Bond Series	Maturities	Weighted-Average Interest Rate on Outstanding Bonds	2000	1999
Tax Exempt New Series Bonds, 1992-1998	2001-2021	5.190%	$2,631,965	$2,694,680
Taxable New Series Bonds, 1998	2001-2020	6.296%	98,610	99,615
Total New Series Bonds outstanding		5.236%	2,730,575	2,794,295
Less: Current maturities of bonds			67,215	63,720
Revenue bonds, net of current maturities			$2,663,360	$2,730,575

Principal and interest amounts due for the next five years and thereafter to maturity are:

City Public Service

Principal and Interest Requirements

Year	Principal	Interest	Total
2001	$ 67,215	$ 142,193	$ 209,408
2002	70,530	138,929	209,459
2003	76,515	135,508	212,023
2004	103,435	131,944	235,379
2005	123,180	126,645	249,825
Thereafter to maturity	2,289,700	980,507	3,270,207
Total	$ 2,730,575	$ 1,655,726	$ 4,386,301

There were no bond financing transactions in 2000. In 1999, CPS issued $885,100 of New Series 1998 bonds. The issue consisted of $785,500 in New Series 1998A Tax Exempt Bonds at an average interest rate of 4.92% and $99,600 in Taxable New Series 1998B Bonds at an average interest rate of 6.34%. The New Series 1998A Bonds refunded $439,700 in certain outstanding New Series Bonds and $244,300 in Tax-Exempt Commercial Paper (TECP), while the Taxable New Series 1998B Bonds refunded $45,700 in certain outstanding New Series Bonds and $42,500 in TECP. In addition to the refunding, $161,300 of certain New Series Bonds were legally defeased with cash resources.

The New Series 1998 Bonds and the cash defeasance fully defeased all bonds issued prior to August 6, 1992, thereby allowing the New Series Bond Reserve to be replaced with a surety policy which was done in conjunction with the issuance of the New Series 1998 Bonds and the cash defeasance.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS) (Continued)

Revenue Bonds (Continued)

The surety policy provides a reserve requirement equal to the highest average annual principal and interest requirement of the New Series Bonds outstanding as of January 31, 2000. Of the funds available from the assets in the New Series Bond Reserve in December 1998, $155,000 was used to fund the cash defeasance; $52,500 was transferred to the Bond Construction Fund; and the remainder of the funds were transferred to the Repair and Replacement Account. The cash defeasance transaction resulted in a loss of $24,900 which is reflected in the Statement of Revenues, Expenses and Changes in Retained Earnings for 1999.

The par value of the New Series 1998 Bonds issued was $16,100 more than the amount of debt refunded. Cash flow savings of $39,700, which is equivalent to present value savings of $23,600, resulted from this bond transaction.

C. San Antonio Water System (SAWS)

On April 30, 1992, City Ordinance No. 75686 was adopted. This ordinance authorized the issuance of $635,925 Water System Revenue Refunding Bonds, Series 1992, dated April 15, 1992. These bonds were issued to refund, in advance of maturity, $253,065 Water Revenue Bonds authorized and outstanding under terms of City Ordinance No. 52091, $330,125 of Sewer Revenue Bonds authorized and outstanding under terms of City Ordinance No. 51975, $14,500 of other bonded debt of annexed water districts, and $49,200 of Sewer System Commercial Paper. The purpose of this advance refunding was to release and discharge the covenants contained in City Ordinance No. 52091 and No. 51975 in order to permit the City to consolidate the operations of the water related utilities.

The System: City Ordinance No. 75686 defines SAWS as all properties, facilities, plants owned, operated and maintained by the City and/or the Board of Trustees, for the supply, treatment, transmission and distribution of treated potable water, chilled water and steam, for the collection and treatment of wastewater and for water reuse, together with all future extensions, improvements, purchases, repairs, replacements and additions thereto, and any other projects and programs of SAWS; provided however, that the City retains the right to incorporate a stormwater system as provided by the Texas Local Government Code. See "Stormwater" below.

Funds Flow: City Ordinance No. 75686 requires that Gross Revenues of SAWS be applied in sequence to: (1) current maintenance and operating expenses including a two month reserve based upon the budgeted amount of maintenance and operating expenses for the current fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) payment of amounts required on Inferior Lien Obligations, and (7) transfers to the City's General Fund and to the Renewal and Replacement Fund.

Reuse Contract: SAWS has a contract with City Public Service, the City owned electricity and gas utility, for the provision of reuse water. The revenues derived from the contract have been restricted in use to only reuse activities, are excluded from the calculation of Gross Revenues, and are not included in any transfers to the City's General Fund. Revenues derived from this contract were $2,048 in 2000.

SAWS is developing a recycled water system which will provide nonpotable water to various customers now using Edwards Aquifer water. Revenue from recycled water sales will be recorded as normal revenue of SAWS and will not have the restrictions of the reuse contract. Revenues generated from recycled water sales were $109 in 2000.

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Stormwater: In addition to the water related utilities which the Board has under its control, the City Council approved Ordinance No. 77949 on May 13, 1993, which established initial responsibilities over the Stormwater Program with the System and adopts a schedule of rates to be charged for stormwater services and programs. The Stormwater Program is deemed to not be a part of SAWS as the term is defined in City Ordinance No. 75686. Accordingly, operations of the Stormwater Program are not considered when determining compliance with debt covenants contained in City Ordinance 75686 or in calculating payments to be made to the City. In fiscal year 1997, the City Council placed the administrative responsibility with its own staff and entered into an interlocal agreement with SAWS for the provision of services related to certain water quality monitoring functions.

No Free Service: City Ordinance No. 75686 also provides for no free services except for municipal fire-fighting purposes and certain stormwater utility service.

Revenue Bonds

On June 3, 1999, the City Council adopted Ordinance No. 89652 authorizing the placement of $71,410 City of San Antonio Water System Junior Lien Revenue and Refunding Bonds, Series 1999 with the Texas Water Development Board. The bonds were sold under the State Revolving Fund (SRF) Program with interest rates ranging from 2.60% to 4.10% and having an average life of 11.553 years. With the inclusion of all costs of issuance, the true interest costs for the Series 1999 Bonds is 3.75%. The net proceeds of $69,773 (after payment of the SRF administration fee and bond issuance costs) were used for the purpose of financing qualified System improvements related to wastewater and recycled water systems through the placement of $44,700 in an escrow fund to refund $44,200 of commercial paper notes and the issuance of $25,074 of new debt.

On November 4, 1999 the City Council adopted Ordinance No. 90828 authorizing the placement of $47,500 City of San Antonio Water System Junior Lien Revenue and Refunding Bonds, Series 1999-A with the Texas Water Development Board. The bonds were sold under the Federal Cross Cutter Program with interest rates ranging from 2.45% to 4.35% and having an average life of 10.870 years. With the inclusion of all costs issuance, the true interest costs for the Series 1999 Bonds is 3.95%. The net proceeds of $46,857 (after payment of the SRF administration fee and bond issuance costs) were used for the purpose of financing qualified System improvements related to wastewater and recycled water systems through the placement of $40,369 in an escrow fund to refund $40,000 of commercial paper notes and the issuance of $6,488 of new debt.

On November 4, 1999 the City Council adopted Ordinance No. 90827 authorizing the issuance of $70,200 in City of San Antonio Water System Senior Lien Revenue and Refunding Bonds Series 1999 with interest rates ranging from 5.75% to 6.00% and having an average life of 21.847 years. With the inclusion of all costs of issuance, the true interest costs for the Senior Lien Series 1999 Bonds is 5.9558%. The proceeds of $70,501 (net proceeds of $70,771 after bond issuance costs plus a cash contribution of $364 from the System) were used for the purpose of financing qualified System improvements related to water resources and water projects through the placement of $55,725 in an escrow fund to refund $55,500 of commercial paper notes and the issuance of $14,777 of new debt.

All three issuances resulted in the conversion of debt from short-term to long-term. As a result there is no economic gain or loss associated with the refundings.

Senior Lien Water System Revenue Bonds, comprised of Series 1992, Series 1996, Series 1997, and Series 1999, outstanding in the amounts of $567,440 and $516,230 at May 31, 2000, and 1999, respectively are collateralized by a senior lien and pledge of gross revenues of the System after deducting and paying current expenses of operation

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

and maintenance of the System and maintaining an operating reserve for operating and maintenance expenses. At May 31, 2000 these bonds are due in varying amounts, from a low of $10,355 in 2019 to a high of $38,385 in 2012. At May 31, 1999 these bonds were due in varying amounts, from a low of $7,139 in 2019 to a high of $49,385 in 2004.

Junior Lien Water System Revenue Bonds, comprised of Series 1999 and Series 1999-A, outstanding in the amount of $113,495 at May 31, 2000, respectively are collateralized by a junior lien and pledge of the gross revenues of the System after deducting and paying the current expenses of operation and maintenance of the System maintaining an operating reserve for operating and maintenance expenses, and debt service on senior lien debt. At May 31, 2000 these bonds were due in varying amounts, from a low of $4,390 in 2001 to a high of $8,185 in 2019.

Annual debt service requirements are shown as follows:

Annual Debt Service Requirements
Revenue Bonds

Year Ending May 31	Junior Lien Revenue and Refunding Bonds	Senior Lien Revenue and Refunding Bonds	Total Annual Requirements
2001	$ 8,531	$ 53,560	$ 62,091
2002	8,529	53,563	62,091
2003	8,528	53,562	62,090
2004	8,533	53,566	62,099
2005	8,527	53,556	62,083
Thereafter	119,435	690,903	810,339
	$ 162,083	$ 958,710	$ 1,120,793
Principal	$ 113,495	$ 567,440	$ 680,935
Interest	48,588	391,270	439,858
Total	$ 162,083	$ 958,710	$ 1,120,793

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Capitalized Interest Costs

Interest costs incurred on revenue bonds and short-term commercial paper debt totaled $38,627 during fiscal year 2000, of which $4,453 was capitalized as part of the cost of SAWS' utility plant additions.

Debt Coverage Ratio (Unaudited)

San Antonio Water System
Revenue Bond Debt Coverage Ratio

	For the Fiscal Years Ended May 31: 2000	1999
Operating Revenues	$ 195,727	$ 180,041
Less: Revenues from City Public Service Contract	2,048	2,000
	193,679	178,041
Nonoperating Revenues	8,468	5,494
Less: Interest on Debt Service and Project Funds	4,701	1,734
	3,767	3,760
Gross Revenues	197,446	181,801
Maintenance & Operation Expense	115,016	100,430
Pledged Revenues	$ 82,430	$ 81,371
Maximum Annual Principal and Interest Requirements on Outstanding Senior Lien Bonds	$ 53,566	$ 49,385
Debt Coverage Ratio	1.54%	1.65%
Maximum Annual Principal and Interest Requirements on all Outstanding Bonds	$ 62,099	$ 49,385
Debt Coverage Ratio	1.33%	1.65%
Debt Service Requirement for Fiscal Year	$ 59,936	$ 48,746
Debt Coverage Ratio	1.40%	1.67%

Leases

SAWS entered into four lease agreements for financing the acquisition of computer equipment and software. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The terms of the leases are for five years with payments of $12,890 monthly and $154,684 annually. The annual percentage rate of the leases is 5.5%. At the end of the respective lease terms, the ownership of the equipment transfers to SAWS. Please note the amounts in this paragraph are not stated in thousands.

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Leases (Continued)

The future minimum lease obligations and the present value of these minimum lease payments as of May 31, 2000, were as follows:

San Antonio Water System
Minimum Lease Obligation and Present Value of Lease Payments

Years Ending May 31,		
2001	$	231
2002		209
2003		155
2004		31
Total Minimum Lease Payments		626
Less: Amount Representing Interest		(47)
Present Value of Minimum Lease Payments	$	579

Note Payable

During fiscal year 2000, a contract was entered into between SAWS and CPS whereby SAWS acquired water rights from certain CPS properties. A note was signed for 116 payments of $40 at an interest rate of 7.5%. Total payments on this note are $4,640 including interest. The liability as of May 31, 2000 is reflected in the balance sheet for both the current portion of $257 and long term amount of $2,837.

Principal and Interest Requirements

Year Ending May 31,	Principal	Interest	Total Annual Requirements
2001	$ 257	$ 223	$ 480
2002	277	203	480
2003	298	182	480
2004	321	159	480
2005	346	134	480
Thereafter	1,595	245	1,840
Total	$ 3,094	$ 1,146	$ 4,240

(amounts are expressed in thousands)

7. COMMERCIAL PAPER PROGRAMS

A. City of San Antonio

In October 1999, the City Council of the City of San Antonio, Texas (City Council) adopted an ordinance authorizing the issuance of up to $50,000 in General Improvement Commercial Paper Notes (the Notes). This ordinance provides interim financing to pay project costs for eligible projects and to refund obligations issued in connection with an eligible project. Eligible projects are defined as any project for which there exists, as of the date of the note ordinance, authorized but unissued obligations approved at an election held on May 1, 1999 and project approved by future elections. The Notes will be issued with various maturities ranging from 1 to 270 days, provided however, that none of the Notes mature later than February 1, 2020.

Liquidity support for the notes is provided by the Revolving Credit Agreement, dated as of December 15, 1999, between the City and Bank One, NA (the Bank). Pursuant to which the Bank has agreed to make loans to the City in an aggregate principal amount of up to $53,699, for the purposes of paying amounts due on the Commercial Paper notes.

The City issued $15,000 in notes July 6, 2000. The proceeds of the notes have been used to provide interim financing to pay project cost for eligible projects. As of September 30, 2000, $15,000 of commercial paper notes are outstanding with interest rates on the notes at 5.250% and with various maturities ranging from 91 to 104 days.

B. City Public Service (CPS)

In October 1988, the City Council adopted an ordinance authorizing the issuance of up to $300,000 in Tax-Exempt Commercial Paper (TECP). This ordinance as amended provides for funding to assist in the financing of eligible projects, including fuel acquisition and capital improvements to the utility systems (the Systems), and to refinance or refund any outstanding obligations which are secured by and payable from a lien on and/or a pledge of net revenues of the Systems. The program's scheduled maximum maturities will not extend beyond November 1, 2028.

The TECP has been classified as long-term in accordance with the refinancing terms under a revolving credit agreement with a consortium of banks, which supports the commercial paper. Under the terms of the agreement, CPS may borrow up to an aggregate amount not to exceed $350,000 for the purpose of paying amounts due under the TECP. The credit agreement has a term of two years, currently extended until November 1, 2001, and may be renewed for additional periods.

To date, there have been no borrowings under the credit agreement. The TECP is secured by the net revenues of the Systems. Such pledge of net revenues are subordinate and inferior to the pledge securing payment of the New Series Bonds and any New Series Bonds to be issued in the future. As of January 31, 2000, $134,800 in principal amount was outstanding, with a weighted average interest rate of approximately 3.69% and an average life outstanding of approximately 86 days.

C. San Antonio Water System (SAWS)

In 1996, the City Council authorized SAWS to expand the tax-exempt short-term borrowing program (the "Commercial Paper Program") from $100,000 to $175,000. The purpose of the Commercial Paper Program is to provide funds for the interim financing of a portion of the costs of capital improvements to SAWS. Scheduled maturities of the short-term borrowing under the Commercial Paper Program may not extend past May 14, 2032. The City has covenanted in the ordinance authorizing the Commercial Paper Program (the "Note Ordinance") to maintain at all times credit facilities with banks or other financial institutions which would provide available borrowing sufficient to pay the principal of the Commercial Paper Program.

7. COMMERCIAL PAPER PROGRAMS (Continued)

C. San Antonio Water System (SAWS)

The borrowings under the Commercial Paper Program are equally and ratably secured by and are payable from (i) proceeds from the sale of bonds or additional borrowing under the Commercial Paper Program and (ii) borrowing under and pursuant to the revolving Credit Agreement. SAWS and Westdeutsche Landesbank Girozentrale (the "Bank") have entered into a revolving credit agreement (the "Credit Agreement") pursuant to which the Bank is obligated under the Credit Agreement to loan to SAWS amounts not to exceed $175,000 as amended, for the purpose of paying amounts due on the Commercial Paper Program. Any borrowing under the Credit Agreement is equally and ratably secured by and payable from the above-described sources pledged for payment of the Commercial Paper Program and from a pledge of the Net Revenues of SAWS, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations. Management intends to continue the remarketing of the tax-exempt commercial paper notes as it intends to maintain a portion of its debt in variable rates.

SAWS issued $55,000 in notes under the Commercial Paper Program during the fiscal year ended May 31, 2000. The proceeds of the notes have been used solely for the financing of capital improvements of SAWS. Commercial paper notes in the amount of $60,300 are outstanding at May 31, 2000 with interest rates on the notes ranging from 4.00% to 4.30% and from 72 to 105 days in maturity.

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8. PENSION AND RETIREMENT PLANS

A. General Plan Information

The City of San Antonio, SAWS and CPS participate in several contributory retirement plans. These are funded plans covering substantial full-time employees. Payroll and contribution information as of the year end for each entity is presented below:

Contributory Pension and Retirement Plans

Entity	Title	Type of Plan	Covered Payroll	Employee Contribution	Employer Contribution	Total Contributions
City	Fire and Police Fund	Single Employer Defined Benefit Plan	$ 165,453	$ 20,119	$ 40,238	$ 60,357
	Texas Municipal Retirement System (TMRS)	Non Traditional Defined Contribution Agent Plan	170,183	10,211	19,352	29,563
Component Units:						
[1]SAWS	Texas Municipal Retirement System (TMRS)	Non Traditional Defined Contribution Agent Plan	48,145	1,495	1,593	3,088
	PMLIC Contract	Agent Multiple Employer Defined Benefit Plan	48,202		4,753	4,753
[2]CPS	CPS All Employees Plan	Single Employer Defined Benefit Plan	138,488	6,692	12,471	19,163

[1] Year ended May 31, 2000

[2] Year ended January 31, 2000

(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

B. City of San Antonio

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit retirement plan established in accordance with the laws of the State of Texas. The City provides retirement benefits for all eligible full-time Fire and Police employees through the Pension Fund. Employees who terminate having five to twenty years of service may apply to receive a refund of their original contribution. Employees retiring who have served and contributed for twenty years or more shall, upon application to the Board of Trustees of the Pension Fund, receive a retirement pension based on the average of the employee's total salary, excluding overtime pay, for the highest three years of pay of the last five years of service. The retirement annuity is computed at the rate of 2.125% of this average for the first twenty years of service, plus 4% for each of the next ten years served and 1% for each of the next five years of service, up to 87.5% of the average salary. Additionally, plan amendments effective October 1, 1997 include an increase of 1% in the annual benefit for members who retired prior to October 1, 1989, and an increase in the benefit multiplier of 0.5% for each year of service between twenty five and thirty years.

An employee with twenty years and one month of actual service credit may at the time of retirement elect a Backward Deferred Retirement Option Plan (Back DROP). The Back DROP election results in a lump sum payment equal to the number of full months of service elected by an employee that does not exceed the lesser of the number of months of service credit the employee had in excess of twenty years or thirty-six months and a reduced annuity payment.

The disbursement of a 13th pension check may be authorized by the Board for any fiscal year ending after 1996 if the yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 100 basis points. The 13th pension check is paid to each retiree and beneficiary receiving an annuity at the time of disbursement and is in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retire after the end of the fiscal year).

If service is terminated by reason of death or disability, the employee's beneficiary or the employee shall be entitled to one-half of the average of the employee's total salary, excluding overtime pay, based on the same number of years of the member's pay as used to compute normal retirement benefits. If a member is killed in the line of duty, the member's surviving spouse and dependent children are entitled to a pension based upon actual base salary at time of death.

The Pension Fund issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the Fire and Police Pension Fund of San Antonio, 311 Roosevelt, San Antonio, Texas 78210-2700 or by calling (210) 534-3262.

Contribution requirements of plan members and the City are established and may be amended by State statute. In the current year, the City contributed 24.32% of covered payroll and employees contributed 12.16% of covered payroll. The employer's required contribution of $40,238 and the employee's required contribution of $20,119 were made to the Pension Fund. (See summary of contribution information at Part A of this footnote).

For the year ended September 30, 2000, the City's annual pension cost of $40,238 for the Pension Fund was equal to the City's required and actual contributions. The annual required contribution was determined as part of the October 1999 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, and (b) projected salary increase of 5.5% per year. Both (a) and (b) included an

8. PENSION AND RETIREMENT PLANS (Continued)

B. City of San Antonio (Continued)

Fire and Police Pension Plan (Continued)

inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The Pension Fund's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 1999 was 19.85 years.

Texas Municipal Retirement System

The City provides benefits for all eligible employees (excluding firefighters and police officers) through a nontraditional, joint contributory; hybrid defined contribution plan in the TMRS. The TMRS is a statewide agent multiple-employer public employee retirement system created by law in 1947 to provide retirement and disability benefits to city employees. It is the opinion of the TMRS management that the plans in TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

TMRS issues a publicly available financial report that includes financial information related to participating municipalities. The report may be obtained by writing to the TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or calling (512) 476-7577.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average salary for the last three years. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity.

Members are eligible to retire upon attaining the normal retirement age of 60 and above with 10 or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 10 years, but must leave accumulated contributions in the plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

The plan provisions are adopted by the governing body of the City within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Significant assumptions used in the actuarial valuation of annual required contributions include a rate of return on the investment of present and future assets of 8.0% per year. Additionally, there is no need to project salary increases since the benefit credits earned for service to date are not dependent on future salaries. Because of the money-purchase nature of the plan, the interest rate assumption does not have as much impact on the results as it does for a defined benefit plan.

8. PENSION AND RETIREMENT PLANS (Continued)

B. City of San Antonio (Continued)

Texas Municipal Retirement System (Continued)

Contribution requirements are actuarially determined. The contribution rate for the City's employees is 6% and the matching percent is currently 11.89%, both as adopted by the governing body of the City. (See summary of contribution information in Part A of this footnote). Under the state law governing TMRS, the Employer's Contribution rates are annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time the employee's retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's twenty-five year amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased unfunded actuarial liability is being amortized over a new twenty-five year period. Currently, the unfunded actuarial liability is being amortized over a constant twenty-five year period as a level percent of payroll. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City. All current year required contributions of the employees and the City were made to TMRS. Due to the fact that the City requires the contribution rates in advance for budget purposes, there is a one year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

C. San Antonio Water System (SAWS)

SAWS retirement program includes benefits provided by the Texas Municipal Retirement System, a contract with Principal Mutual Life Insurance Company, and Social Security.

Covered employees are eligible to retire upon attaining the normal retirement age of 65. An employee may elect early retirement, with reduced benefits, upon attainment of:

1. 20 Years of credited service regardless of age, or
2. 25 Years of credited service and at least age 50, or
3. 10 Years of credited service and at least age 60.

The normal retirement benefit is based upon two factors, average compensation and years of credited service. Average Compensation is defined as the monthly average of compensation for the three consecutive years ending December 31, out of the latest ten prior to retirement which give the highest average.

The normal retirement benefit under the Principal Mutual contract is equal to:

1. 1.2% of the Average Compensation, as defined, times years of credited service not in excess of 25 years, plus
2. 0.75% of the Average Compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 0.375% of the Average Compensation, times years of credited service in excess of 35 years.

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Upon retirement, an employee must select from one of seven alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides death and disability benefits.

The following information related to the Texas Municipal Retirement System and Principal Mutual Life Insurance has been prepared as of January 1, 2000.

Texas Municipal Retirement System

SAWS provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, defined contribution plan in the Texas Municipal Retirement System (TMRS). The TMRS was established in 1948 as a retirement and disability pension system for municipal employees in the State of Texas, and is administered in accordance with the Texas Municipal Retirement System Act. It is the opinion of the TMRS management that the plans in the TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the SAWS- financed monetary credits, with interest. At the date the plan began, SAWS granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, 200%) of the employee's accumulated contributions. In addition, SAWS may grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and SAWS matching percent had always been in existence and if the employee's salary had always been the average salary for the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages of 60 and above with 10 or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 10 years. The plan provisions are adopted by SAWS within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

The contribution rate for the employees is 3% of salary, and SAWS matching rate approximates 100% of the employee rate, both as adopted by the SAWS. Under the state law governing TMRS, SAWS contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to SAWS matching percent, which are the obligation of SAWS as of an employee's retirement date not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of SAWS to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period.

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (Continued)

When SAWS periodically adopts updated service credits and increases the annuities in effect, the increased unfunded actuarial liability is to be amortized over a new twenty-five year period. Currently, the unfunded actuarial liability is to be amortized over the twenty-five year period, which began January 1, 1998. The unit credit actuarial cost method is used for determining SAWS contribution rate.

Contributions are made monthly by both the employees and SAWS. Since SAWS needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Significant assumptions used in the actuarial valuation of annual required contributions include a rate of return on the investment of present and future assets of 8.0% per year. Additionally, there is no need to project salary increases since the benefit credits earned for service to date are not dependent on future salaries. Likewise, inflation and cost-of-living adjustments are not accounted for in the actuarial study. Assets are valued at amortized cost.

Principal Mutual Life Insurance Company

The contract with Principal Mutual Life Insurance Company (PMLIC) serves as a supplement to the TMRS and Social Security benefits. SAWS' covered payroll at January 1, 2000 under this contract was $48,202.

SAWS provides supplemental pension benefits for all persons customarily employed at least 20 hours per week and five months per year through this defined benefit plan. Employees are eligible to participate in the plan on January 1 of the calendar year following date of hire. An employee covered by the plan may vest a portion of the plan benefits if termination occurs after sufficient years of service have been credited. The plan allows an employee to accrue vesting benefits as follows:

Years of Service	Vested Percentage
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

An employee is automatically 100% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

Benefits for retired employees are fully guaranteed at retirement The pension plans unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefits or administrative expense.

(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Principal Mutual Life Insurance Company (Continued)

Significant assumptions used by PMLIC's actuary to compute the actuarially determined contribution requirements include: (a) a rate of return on the investment of present and future assets of 7.0 % per year, (b) salary scale from Table S-5 of the Actuary's Pension Handbook, plus 3.4%, and (c) plan expenses according to the expense scales of the Service Agreements.

The PMLIC contract funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. The actuarial cost method is known as the Entry Age Normal-Frozen Initial Liability Method. This method spreads the total cost of the projected pension benefits for each employee from the date the employee is first eligible for the plan to the employee's normal retirement date. As plan benefits are related to compensation, the cost is spread as a level percentage of compensation. The total of annual amounts for all employees combined is called the Normal Cost. The employee's Entry Age is determined as if the plan had always been in existence. Thus, as of the plan effective date, there are some accumulated Normal Costs as called the Frozen Initial Liability.

In subsequent years the Frozen Initial Liability is reduced by employer deposits to the plan in excess of employer Normal Cost and interest requirements. This reduced amount is known as the Unfunded Frozen Initial Liability. Contribution requirements are established and maybe amended by the System. Active members are not required to contribute to the plan. Any obligation with respect to the pension plan shall be paid by the System. The actuarial valuation, which was performed for the plan year, reflects an unfunded frozen initial liability of $16,246. For the plan year ended December 1999, SAWS annual pension cost of $4,753 was equal to SAWS required and actual contributions.

The PMLIC issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Principal Life Insurance Company, Pension Diversified Retirement Services, Des Moines, Iowa 50392-0001 or by calling (515) 247-5111.

D. CPS All Employee Plan

The CPS Pension Plan is a self-administered, single-employer, defined-benefit contributory pension plan (Plan) covering substantially all employees who have completed one year of service. Normal retirement is age 65; however, early retirement is available with 25 years of service. The Plan was amended effective January 1, 1999, to also allow early retirement to those employees who are age 55 or older with at least 10 years of benefit service. Retirement benefits are based on length of service and compensation, and benefits are reduced for retirement before age 55.

The Plan is sponsored and may be amended by CPS, acting by and through the General Manager and Chief Executive Officer of CPS. The Plan assets are held in a separate trust that is periodically audited and which financial statements include historical information. Additional information may be obtained by writing the Employee Benefits Division of CPS, P.O. Box 1771, San Antonio, Texas 78296 or by calling (210) 978-2484.

Funding levels are established through annual actuarial evaluations and recommendations of an Administrative/Investment committee, using both employee and employer contributions. Participating employees contribute 5.0 % of their total compensation and are fully vested after completing 15 years of credited service. The Plan was amended effective January 1, 1999, to reduce the time it takes an employee to fully vest to

8. PENSION AND RETIREMENT PLANS (Continued)

D. CPS All Employee Plan (Continued)

7 years. In addition, employees are now fully vested at age 40. The balance of contributions made amounted to 9% and is the responsibility of CPS, considering actuarial information, budgetary compliance, and the need to amend the Plan with legal requirements. (See Summary of Contribution Information at Part A of this footnote).

As calculated under GASB Statement No. 27, CPS' annual pension cost and net pension obligation for the fiscal year ended January 31, 2000 were $11,840 and $99 respectively. The annual required contribution was determined as part of the January 1, 1999 actuarial valuation using (a) the five-year smoothed market method for asset valuation, (b) the projected unit credit for pension cost, and (c) the level dollar for amortization. The remaining amortization period is 1 year and is calculated using the level dollar open amortization method.

Significant actuarial assumptions used for the January 1, 1999 actuarial valuation include (a) a rate of return on the investment of future assets of 8.5 % per year compounded annually, (b) projected salary increased averaging 5.0 %, and (c) post-retirement cost-of-living increases of 2.0 %. The projected salary increases include an inflation rate of 4.0 %.

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8. PENSION AND RETIREMENT PLANS (Continued)

E. Required Three Year Trend Information

Trend information compares the annual required contribution to annual pension cost and the resultant net pension obligation as required by GASB Statement No. 27.

Three Year Trend Information

Pension Plan	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Fire and Police Pension – City of San Antonio	1998	$ 34,963	100%	$ 0
	1999	36,882	100%	0
	2000	40,238	100%	0
TMRS – City of San Antonio	1998	$ 13,442	100%	$ 0
	1999	14,921	100%	0
	2000	19,352	100%	0
TMRS – SAWS	1998	$ 1,524	100%	$ 0
	1999	1,576	100%	0
	2000	1,593	100%	0
PMLIC – SAWS	1998	$ 2,748	100%	$ 0
	1999	3,344	100%	0
	2000	4,753	100%	0
CPS All Employee Plan	1998	$ 12,238	100%	$ 0
	1999	14,642	96.7%	490
	2000	11,840	103%	99

Location of Schedules of Funding Progress

The Schedule of Funding Progress is located in the “Required Supplementary Information” section of this report. The schedules are designed to provide information about each entity's progress in accumulating sufficient assets to pay benefits due.

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(amounts are expressed in thousands)

9. POSTEMPLOYMENT RETIREMENT BENEFITS

A. City of San Antonio

In addition to the pension benefits discussed in Note 8, the City provides all their retired employees with certain health benefits under two post-employment benefit programs. The first program is a health insurance plan, which provides benefits for all non-uniformed City retirees and for all, pre-October 1, 1989, uniformed (fire and police) retirees. Currently, there are 6,129 active civilian employees who may become eligible in the future. Employees become eligible for the program when they reach eligibility for the TMRS Pension Plan, discussed in Note 8. At September 30, 2000, there were 1,337 retirees participating in the program which covers eligible expenses at eighty percent after a deductible of $200 (single)/$400 (family) for non-Medicare and $125/$250 for Medicare retirees. The cost of the program is reviewed annually, and actuarially determined costs of medical claims are funded jointly by the City and retirees on a pay as you go basis shared on a 67% City - 33% retiree cost allocation. Please note that the number of employees, retirees, and deductible amounts in this paragraph are not expressed in thousands. For retirees, total expenses for the year were $5,247. For the year ended September 30, 2000, total contributions were as follows:

City	$ 2,539
Employees	1,215
TOTAL	$ 3,754

The second post-employment benefit program of the City provides retirement health care benefits for eligible Fire and Police Retirees, in accordance with provisions established by contract with the local Fire and Police Unions. Activity for this program had previously been reported in the Self-Insurance Internal Service Fund. Pursuant to the passage of Senate Bill 1568, the Fire and Police Retiree Health Fund, a separate and distinct statutory trust was created for this program.

The benefits of this plan are financed on a pay-as-you-go basis. The City currently makes contributions on behalf of 3,215 active Fire Fighters and Police Officers who may be eligible for benefits under this plan in the future. The benefits of the plan are not available until the employee has completed twenty years of service and the plan is currently providing benefits to 682 eligible retirees. The Program reimburses 80 percent of the amount of eligible claims for standard medical costs and 100 percent for hospitalization costs incurred by the retiree and their eligible dependents. Based on the Fire and Police contracts, the City contributed 9.4% of base pay plus longevity for active Fire and Police employees. Please note the number of firemen and policemen, retirees, and City monthly contribution rates in this paragraph are not expressed in thousands. For the year ended September 30, 2000, total expenses for retired employees was $4,217 and total contributions were as follows:

City	$ 13,888
Employees	223
TOTAL	$ 14,111

B. City Public Service (CPS)

CPS provides certain health care and life insurance benefits for retired employees. Most former CPS employees are eligible for these benefits upon retirement from CPS. Plan assets are held as part of CPS' Group Health and Life Plans and funding is from both participant and employer contributions determined by annual actuarial and in-house calculations. Retired employees contribute to the health plan in varying amounts depending upon an equity formula that considers age and years of service. The Plans may be amended by CPS, acting by and through the General Manager of CPS. The annual cost of retiree health care and life insurance benefits funded by CPS is recognized as an expense of CPS as employer contributions are made to the programs.

9. POSTEMPLOYMENT RETIREMENT BENEFITS (Continued)

B. City Public Service (CPS) (Continued)

These costs approximated $2,300 for 2000. CPS contributed $200 to the Health Plan and $10 to the Life Plan to cover costs associated with the Voluntary Early Retirement Program offered to its executives during 1998. CPS reimbursed $45.50 per month for Medicare supplement for certain retirees and their spouses enrolled in Medicare Part B.

Retired employees and covered dependents contributed $941 for their health care and life insurance benefits in fiscal year 2000. There were approximately 1,985 retirees and covered dependents eligible for health care and life insurance benefits. Please note the number of retirees is not stated in thousands.

In view of the potential economic significance of these benefits, CPS has reviewed the present value of the postemployment benefit obligations for current retirees. The January 1, 1999 valuations are $42,000 for health and $15,200 for life insurance benefits. The actuarial analysis of the present value of postemployment benefit obligations for other participants fully eligible for benefits are estimated to be $28,200 for health, $4,500 for life insurance, and $2,800 for disability benefits. CPS began partial accrual and funding of projected future benefits in 1992. Funding totaled $3,700 in 2000, $5,200 in 1999, $5,400 in 1998, $5,000 in 1997, $7,000 in 1996, and $5,000 per year in 1995, 1994, and 1993. For the health care plan, the actuarial cost method used is the Projected Unit Credit Actuarial Cost Method. For the life insurance and disability plans, CPS uses a present value method to determine the cost of benefits.

Significant actuarial assumptions used in the calculations for the January 1, 1999 actuarial valuations include (a) a rate of return on the investment of present and future assets of 8.5% per year for the health and life plans and 7% per year for the disability, (b) projected salary increases for the plans ranging from 3.3% to 12.0% depending on age for base and other salaries, and (c) medical cost increases projected at 6% for 2000 compared to 7% for 1999.

C. San Antonio Water System (SAWS)

SAWS provides certain health care and life insurance benefits for retired employees. Substantially all full-time employees who retire from SAWS may become eligible for those benefits. On May 31, 2000, there were 298 retirees with life insurance and 321 retirees with medical coverage. Please note the numbers of retirees is not stated in thousands.

SAWS provides medical and life insurance for retirees and recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance. For the year ending May 31, 2000, premiums for medical insurance and life insurance amounted to $1,714 and $39, respectively. Those and similar benefits for active employees are provided through insurance companies.

10. CPS SOUTH TEXAS PROJECT (STP)

<u>Joint Operations</u>

CPS is one of four participants in the STP, which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the project are Reliant Energy, formerly known as HL&P, Central Power and Light Company (CPL), and the City of Austin. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. CPS' 28% ownership in the STP represents 700 megawatts of plant capacity. At

10. CPS SOUTH TEXAS PROJECT (STP) (Continued)

Joint Operations (Continued)

January 31, 2000, CPS' investment in the STP utility plant was approximately $1,700,000, net of accumulated depreciation.

Effective November 17, 1997 the Participation Agreement among the owners of STP was Amended and Restated and the STP Nuclear Operating Company, a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STP Nuclear Operating Company.

Nuclear Insurance

The Price-Anderson Act, a comprehensive statutory arrangement providing limitations on nuclear liability and governmental indemnities, is in effect until August 1, 2002. The limit of liability for licensees of nuclear power plants is $9,602,000 per incident. The maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is $83,900 (amount may be adjusted for inflation) for each licensed reactor, but not more than $10,000 per reactor for each nuclear incident in any one year. CPS and each of the other participants of STP are subject to such assessments, and all participants have agreed that any such assessments will be borne on the basis of their respective ownership interests in STP. For purposes of these assessments, STP has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC, in accordance with the financial protection requirements of the Price-Anderson Act.

A Master Worker Nuclear Liability policy, with a maximum limit of $400,000 for the nuclear industry as a whole, provides protection from nuclear-related claims of workers employed in the nuclear industry after January 1, 1988, who do not use the workers' compensation system as sole remedy and bring suit against another party.

NRC regulations require licensees of nuclear power plants to obtain on-site property damage insurance in a minimum amount of $1,060,000. NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

The owners of STP currently maintain on-site property damage insurance in the amount of $2,750,000 of nuclear property insurance, which is above the legally required amount of $1,060,000, but is less that the total amount available for such losses. The $2,750,000 of nuclear property insurance is composed of $500,000 for primary property damage insurance and a layer of excess property damage insurance that would contribute $2,250,000 of additional coverage that is subject to a retrospective assessment from each electric utility which is a member of Nuclear Electric Insurance Limited (NEIL). In the event that property losses as a result of an accident at the nuclear plant of any utility insured by NEIL exceed the accumulated funds available to NEIL, a retrospective assessment could occur. The maximum aggregate assessment under current policies for both primary and excess property damage insurance is $17,300 during any one policy year.

Nuclear Decommissioning

In July 1990, CPS, together with the owners of the STP, filed with the NRC a certificate of financial assurance for the decommissioning of the nuclear power plant. The certificate assures that CPS will meet the minimum decommissioning funding requirements mandated by the NRC. The STP owners agreed in the financial assurance

10. CPS SOUTH TEXAS PROJECT (STP) (Continued)

Nuclear Decommissioning (Continued)

plan that this cost estimate would be reviewed and updated periodically as it could change by a material amount. In 1994, the owners did conduct a review of decommissioning costs. The results showed that CPS' share of decommissioning costs is now approximately $270,000 in 1994 dollars, which also exceeded NRC minimum requirements. In 1999, the owners conducted an additional review of decommissioning, and results showed that CPS' share of decommissioning costs are now approximately $311,000 in 1998 dollars.

In 1991, CPS started accumulating the decommissioning funds in an external trust, in accordance with the NRC's regulations. The Decommissioning Trust Assets and related liabilities are included in CPS' financial statements as a component unit. At January 31, 2000, CPS has accumulated approximately $95,500 in decommissioning funds in the external trust. Based on the annual calculation of financial assurance required by the NRC, CPS' trust balance exceeded the calculated financial assurance amounts of $51,500 at December 31, 1999. Based upon the 1994 decommissioning cost study, the annual levelized funding into the trust of $8,800 for 2000 was expensed by CPS.

11. COMMITMENTS AND CONTINGENCIES

A. City of San Antonio

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2000. Grants awarded by federal, state and other governmental agencies but not yet earned nor received in cash as of September 30, 2000 were $127,892.

Revenue from City Public Service

The Trust Indenture of City Public Service provides for payments to the City up to 14% of CPS' gross revenues, as defined, to be paid or provided to the City. For the year ended September 30, 2000, the City recorded as revenue from CPS $167,139 in the General Fund.

Capital Improvement Program

The City will be undertaking various capital improvements to its airport system during fiscal year 2001. The estimated cost of these improvements is $44,125. Approximately $9,937 of the total will be funded by federal grants.

Revenue from San Antonio Water System

City ordinance No. 75686 provides for payments to the City up to 2.7% of SAWS' gross revenues, as defined, to be paid or provided to the City. For the year ended September 30, 2000, the City recorded as revenue from SAWS $5,162 in the General Fund. Additionally, the City recorded revenue in the amount of $16,382 in the Stormwater Special Revenue Fund for stormwater fees.

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. City of San Antonio (Continued)

Litigation

The City is involved in various lawsuits related to alleged personal and property damages, wrongful death, breach of contract, various claims from contractors for additional amounts under construction contracts, property tax assessments, environmental matters, class action and promotional practices, and discrimination cases. The Office of the City Attorney estimates the probable liability for these suits will approximate $18,500. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund. The City makes significant estimates in determining the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded in the Self-Insurance Funds are adequate to cover losses for which the City may be liable. It is not determinable whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the general purpose financial statements.

Sierra Club v. City of San Antonio, et al.
In June 1996, the Sierra Club filed a lawsuit against thirteen large users of water from the Edwards Aquifer, which included the City of San Antonio. Sierra Club sought temporary and permanent injunctive relief to limit the amounts of water withdrawn from the Edwards Aquifer in order to protect endangered species. In addition, Sierra Club sought injunctive relief against federal agencies to require the agencies to consult with the Fish & Wildlife Service before conducting any further activities in the Edwards Aquifer region.

In August 1996, the District Court granted Sierra Club's request for temporary injunction. The City appealed the District Court's decision arguing that the District Court should abstain from acting and allow the legislatively created Edwards Aquifer Authority to manage groundwater usage. The Fifth Circuit reversed the District Court's decision and remanded the case for further proceedings. Sierra Club filed a Writ of Certiorari to the United States Supreme Court, which was denied in January, 1998.

Although the decision of the Fifth Circuit does not dispose of the entire claim of the Sierra Club, it does control further action in this case and creates a substantial obstacle to the Sierra Club's request for permanent injunctive relief.

San Antonio River Walk cases
The City has filed five lawsuits against adjoining property owners and/or business operators to recover rents and to settle ownership of portions of the San Antonio River Walk. Four of the adjoining landowners have previously executed leases, acknowledging City ownership of the property. However, in the early 1990's, these property owners disputed the City's ownership, ceased making rental payments, and did not renew their leases.

The City continues to contest these cases and anticipates a trial setting in the Summer of 2001. Although there are some uncertainties in fact and law, the City believes a favorable outcome is reasonably probable. Back-rentals are estimated at $700,000. In the event of an unfavorable result, however, the City may suffer a loss of the back rentals in the same range, plus attorney's fees, and may also be required to refund certain rentals of other business owners.

Leonides Muñoz, et al v. City of San Antonio, et al and Julius Spilman, et al v. City of San Antonio
These lawsuits are wrongful death actions brought by the heirs of three decedents who drowned during the October 17, 1998, flood. The decedents were washed off Lockhill Selma Road by rising floodwaters of the Olmos Creek, which is a marked low water crossing located 200 feet north of the Wurzbach intersection. In the event of an adverse jury verdict in these two lawsuits, the City's liability would not exceed $750,000 as established by the Texas Tort Claims Act.

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. City of San Antonio (Continued)

Arbitrage

The City has issued certain tax-exempt obligations that are subject to Internal Revenue Service (IRS) arbitrage regulations. Non-compliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and "arbitrage rebate" is estimated and recorded in the respective City funds.

Department of Transportation Audit Resolution

During fiscal years 1995 and 1996, a proposed resolution of audit findings resulting from an Office of the Inspector General, Department of Transportation report dated April 26, 1993 which disallowed $2,040 of Aviation Fund expenses, was submitted to the Federal Aviation Administration (FAA). Resolution provided that disallowed indirect cost and ground transportation charges for fiscal years 1991 through 1994 in the total amount of $2,040 were to be repaid by applying "indirect cost credits" over the next three fiscal years to the disallowed amounts. The FAA agreed to allow the City to develop a new indirect cost plan, in accordance with applicable rules and regulations, and apply the difference between the new indirect cost rate and the old rate as "indirect cost credits' against the disallowed amount.

Accordingly, in August 1996, the City engaged a consultant to develop a City-wide cost allocation plan for the fiscal years ended September 30, 1995. The fiscal year 1995 cost allocation plan was completed and forwarded to the City's respective federal cognizant agency for review and approval. The cognizant agency declined review of the cost allocation plan and in July 1996, at the request of the FAA, a copy of the plan was forwarded to the FAA. In August 1998, the FAA requested additional information regarding certain costs included in the plan and the information was forwarded to the FAA in October 1998.

Upon review of the City-wide cost allocation plan and the additional information submitted by the City, the FAA accepted the allocation methodology for fiscal year 1995 and approved the methodology for use in restating indirect costs for fiscal years 1993 and 1994. This resulted in a cumulative indirect cost credit in the amount of $366 for fiscal year 1993, 1994 and 1995 and resulted in a remaining amount of $1,674 in disallowed Aviation Fund expenses. The City has agreed to resolve the remaining disallowed Aviation fund expenditures of $1,674 through a combination of approved indirect cost credits for fiscal years 1996 through 1999 and credits for previously unreimbursed in-kind expenses provided to the Airport System during the past six years. Pursuant to the agreement, the City has submitted revised cost allocation plans to the FAA for fiscal years 1996 through 1998. The City has also provided the FAA with documentation supporting a total of $13,983 of previously unreimbursed in-kind expenses provided to the Airport System for fiscal years 1993 through 1998. The City is currently in the process of providing additional information to the FAA with respect to these in-kind expenditures. Upon final review by the FAA, any remaining amount of the disallowed Aviation Fund expenses would be reimbursed to the Aviation Fund after application of approved credits for the revised cost allocation plans and unreimbursed in-kind expenses. The City has agreed to resolve the remaining disallowed Aviation Fund Expenditures by September 30, 2001.

Landfill Postclosure Care Costs

In October 1993, the City Council approved closure of the Nelson Gardens Landfill which effective immediately stopped accepting solid waste. Subsequent to landfill closure, Federal and State laws required the City to incur

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. City of San Antonio (Continued)

Landfill Postclosure Care Costs (Continued)

certain postclosure care costs over a period of thirty years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,800. The estimate was based on estimated costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a thirty year period. In accordance with GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", the estimated postclosure cost of $3,800 for the Nelson Gardens Landfill was recorded as a liability and expensed in the Solid Waste Enterprise Fund in fiscal year 1994.

Each fiscal year the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year ended September 30, 2000 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,165. This represents a reduction of $29 from the prior fiscal year for expenditures incurred for geotechnical and environmental engineering services.

TNRCC Financial Assurance

The City is required under the provision of the Texas Administrative Code to provide financial assurance to the Texas Natural Resource Conservation Commission (TNRCC) related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. As such, financial assurance is required to ensure that funds are available, when needed, to meet costs associated with the closure of the City's North East Transfer Station. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. As of September 30, 2000, the City does not anticipate closure of the transfer station and has estimated closure costs at $110. Based on the number of underground petroleum storage tanks, the City is required to provide $1,000 of financial assurance related to the underground storage facilities.

Alamodome Soil Remediation

The City has taken an aggressive approach to dealing with environmental issues resulting from the construction of the Alamodome, a multi-purpose domed facility. It is working in conjunction with the Texas Natural Resources Conservation Commission (TNRCC) on the continued development and implementation of a remediation plan that addresses both on and off-site locations that may contain contaminated soil. As of September 30, 2000, the City has expended approximately $12,609 related to Alamodome soil remediation efforts, inclusive of the supplemental environmental projects, and estimates the remaining cost for soil remediation to be approximately $1,400. In January 1996, TNRCC issued its Executive Director's Preliminary Report assessing a penalty against the City and VIA Metropolitan Transit (VIA) along with certain technical recommendations for alleged violations in the handling of contaminated soils at the Alamodome site. On February 12, 1997, the City of San Antonio and TNRCC entered into an Agreed Order relating to enforcement actions taken by the Commission against the City and VIA which provided for a reduced penalty amount because of positive actions taken by the City to initiate corrective actions in advance of the Agreed Order.

Under the Agreed Order, the Commission would also defer the remaining portion of the reduced fine upon successful completion, by the City, of certain supplemental environmental projects in the total amount of $628. The City, under separate agreement with VIA, would assume responsibility for the remediation of the remaining sites, with VIA contributing $350 towards these efforts.

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. City of San Antonio (Continued)

Alamodome Soil Remediation (Continued)

The City to date has completed the Supplemental Environmental Projects as identified in the Agreed Order and has received concurrence from the TNRCC that these projects were successfully completed. Additionally, eight of the ten sites that require remedial activity under the Agreed Order have been completed. The TNRCC has provided closure letters for all of these sites, with the exception of the Pearsall Road Landfill site. This work has been completed and a closure letter from the TNRCC is expected during fiscal year 2001. Final remediation is scheduled for fiscal year 2001 for the two remaining sites.

B. CPS

Other

Purchase and construction commitments amounted to approximately $1,100,000 at January 31, 2000. This amount includes approximately $573,800 that is expected to be paid for natural gas purchases to be made under the contracts currently in effect through June 2002; the actual amount to be paid will be dependent upon CPS' actual requirements during the contract period and the price of gas. Commitments also include $70,200 for pipeline quality gas to be produced from the City of San Antonio "Nelson Gardens" landfill under the contract which is currently in effect through the year 2017. Also included is $9,400 for coal purchases through December 2000, $127,500 for coal transportation through December 2004, and $8,000 for treated cooling water through 2005, based upon the minimum firm commitment under these contracts.

Additional purchase commitments at January 31, 2000, which are related to STP include approximately $70,700 for raw uranium and associated fabrication and conversion services. This amount represents services that will be needed for future refuelings during the next two fiscal years.

The Public Utility Commission (PUC) of Texas has promulgated new rules designed to comply with legislative changes affecting the utility industry. The Transmission Pricing and Access Rule (Rule) mandates that electric utilities charge customers for wholesale open transmission access according to a formula based on a single state-wide fee. This rate structure potentially will cost CPS $20,000 to 25,000 per year in additional transmission costs that will effectively subsidize competing utilities with higher transmission costs. Under a phased-in feature of this plan, CPS' costs for calendar years 1997, 1998, 1999 were approximately $1.3, $1.4, and $5.9 million respectively.

CPS challenged the initial Rule's validity in State District Court. CPS also filed an appeal from the PUC's determination as to the level of transmission costs CPS may recover under the PUC's Rule. CPS appealed the State District Court's opinion upholding the Rule's validity, and the court of Appeals overturned the District Court's decision. The case will likely be appealed by the Attorney General to the Texas Supreme Court. The State Districit Court upheld the PUC's determination of the level of transmission cost for CPS, but a favorable decision in the rule challenge case could effectively overturn this decision as well. These cases will have only a limited effect on the impact of the PUC's current Rules.

Joint Operations Agreement

A 1997 Joint Operations Agreement resulted from the litigation settlement with Reliant Energy, formerly known as Houston Lighting & Power, over its management of STP during the construction and early operating periods. The Joint Operating Agreement is an arrangement to jointly dispatch CPS' and Reliant's generating plants to take

11. COMMITMENTS AND CONTINGENCIES (Continued)

B. CPS (Continued)

Joint Operations Agreement (Continued)

advantage of the most efficient plants and favorable fuel prices of each utility. CPS receives, in monthly cash payments, ninety percent of the savings realized from the jointly operated systems. This joint operation agreement must result in at least $10,000 in cumulative savings per year to CPS, or Reliant will make up the difference in cash. A similar payment will be made by Reliant to ensure benefits to CPS of $150,000 in savings during the ten-year life of this agreement. As of January 31, 2000, CPS' total cumulative savings were $65,000.

The CPS Board authorized that the funds be segregated into a formal plan for their use is adopted. In December 1997, the CPS Board preliminarily committed a portion of the total joint operations savings to partially fund the construction of a new combined cycle facility. In October 1998, CPS initiated full construction of this new facility named the Arthur von Rosenberg Power Plant, and began using the joint operations savings to fund this construction

Litigation

Additionally, in the normal course of business, CPS is involved in other legal proceedings related to alleged personal and property damages, breach of contract, condemnation appeals and discrimination cases. Also, CPS power generation activities and other utility operations are subject to extensive state and federal environmental regulation. In the opinion of management of CPS, the outcome of such proceedings will not have a material adverse effect on the financial position or results of operations of CPS.

C. SAWS

Other

SAWS is committed under various contracts for completion of construction or acquisition of utility plants totaling approximately $113,900 as of May 31, 2000. Funding of this amount will come from available revenues of SAWS, contributions from developers, and restricted assets.

Litigation

SAWS is the subject of various claims and litigation which have risen in the ordinary course of its operations. Management, in consultation with legal counsel, is of the opinion that SAWS' liabilities in these cases, if decided adversely to SAWS, will not be material.

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12. SEGMENT INFORMATION

The City has four enterprise operations, which include the Airport System, Parking Facilities, Golf Course System, and Solid Waste System. Segment information for these operations and the City's significant discretely presented component units, CPS and SAWS, for the year ended September 30, 2000 is as follows:

Segment Information

	Airport System	Parking Facilities	Golf Course System	Solid Waste System	Total Primary Government	Gas and Electric System (CPS)[1]	San Antonio Water System (SAWS)[2]
Operating Revenues	$ 38,629	$ 7,300	$ 7,083	$ 40,743	$ 93,755	$ 1,040,649	$ 195,727
Operating Expenses exclusive of Depreciation	20,628	5,205	6,284	41,169	73,286	666,389	118,252
Depreciation	7,439	620	620	179	8,858	165,177	46,608
Operating Income	10,562	1,475	179	(605)	11,611	209,083	30,867
Other Revenue (Expenses)	(3,659)	(635)	(174)	(342)	(4,810)	(121,723)	(29,529)
Operating Transfers In (Out)	(1,897)	2,667	(351)	(1,680)	(1,261)		
Net Income (Loss)	$ 5,006	$ 3,507	$ (346)	$ (2,627)	$ 5,540	$ 87,360	$ 1,338
Total Assets	$ 295,572	$ 51,729	$ 10,828	$ 14,938	$ 373,067	$ 5,005,769	$ 1,654,067
Total Equity	$ 174,241	$ 10,340	$ 4,663	$ 10,271	$ 199,515	$ 2,048,534	$ 889,857
Working Capital	$ 5,683	$ 3,002	$ (186)	$ 6,249	$ 14,748	$ 213,967	$ 24,770
Additions to Fixed Assets	$ 8,337	$ 4,043	$ 40	$ 1,963	$ 14,383	$ 410,307	$ 127,909
Net Capital Contributions	$ 81,154	$ 190	$ 5,526	$ 3,699	$ 90,569	$	$ 598,076
Outstanding Revenue Bonds	$ 108,819	$ 24,694	$	$	$ 133,513	$ 2,521,070	$ 656,478
Outstanding Bonds and Certificates of Obligation	$	$ 15,855	$ 4,150	$	$ 20,005	$	$

[1]For the Fiscal Year Ended January 31, 2000
[2]For the Fiscal Year Ended May 31, 2000

(amounts are expressed in thousands)

13. INSURANCE

A. City of San Antonio

Property and Casualty Liability

At September 30, 2000, the City has excess insurance coverage through North River Insurance Company for liability. The blanket policy provides general and auto liability along with police professional errors and omissions and EMS Medical Malpractice, and Civil Rights and Employee Benefits Liability Coverage. Royal Lloyds of Texas provides property coverage on the City's building and contents inventory. The City utilizes third party administrators for the handling of administration, investigation, and adjustment of liability claims.

Obligations for claims under these programs are accrued in the City's Self-Insurance Reserve Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported, and Departments are assessed premiums to cover expenditures. In fiscal year 2000 and 1999, there were no significant reductions in insurance coverage and claims settlements did not exceed insurance coverage.

Employee Health Benefits

The City provides its current employees with a comprehensive employee benefit program including coverage for medical, dental and life insurance, vision, dependent care reimbursement accounts and additional life insurance for its employees and their dependents. The City's self-insured medical programs are provided to all City employees. Obligations for benefits are accrued in the City's Self-Insurance Employee Benefits Insurance Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

Workers' Compensation

The City self-insures for Workers' Compensation. The City is a member of the Texas Municipal League (TML) Workers' Compensation Joint Insurance Fund, an unincorporated association of political subdivisions of the State of Texas. The TML Workers' Compensation Joint Insurance Fund is not intended to operate as an insurance company, but rather is intended to be a contracting mechanism which the City as a member utilizes to administer self-insurance workers' compensation benefits to its employees for claims that occurred prior to September 30, 1986. The City also utilizes third party administrators for the handling of administration, investigation, and adjustment of workers' compensation claims that occurred after October 1, 1986. All loss contingencies, including claims incurred but not reported, if any, are recorded in the City's Self-Insurance Workers' Compensation Fund and Departments are assessed premiums to cover expenditures. As of September 30, 2000, the City has excess workers' compensation coverage through the North River Insurance Company.

Unemployment Compensation Program

The Unemployment Compensation Program of the Self-Insurance Fund provides a central account for payment of unemployment compensation claims. As of the fiscal year end, claims were being administered internally by the City and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis.

13. INSURANCE (Continued)

A. City of San Antonio (Continued)

Extended Sick Leave Program

The Extended Sick Leave Program of the Self-Insurance Fund is used to pay benefits associated with the City's employee long-term disability plan. Benefits are administered by the City. Actual costs are incurred when extended leave is taken.

Employee Wellness Program

The Self-Insurance Employee Wellness Program Fund is used to account for revenues and operating expenses of the City Occupational Health Clinic operated by the San Antonio Metropolitan Health District. The clinic's operation is supported by transfers from the Workers' Compensation Fund and the Employee Health Benefits Fund as expenses are incurred. In fiscal year 1999, the Employee Assistance Program was established to offer City employees short term mental health, marital, and financial counseling, as well as substance abuse intake and assessment. The Program was funded by a transfer from the Workers' Compensation Fund.

Claims Liability

The liability for the Employees Benefits Fund is based on the estimated aggregate amount outstanding at the balance sheet date for unpaid benefits. Liabilities for the Insurance Reserve and Worker's Compensation Funds are reported when it is probable that a loss has occurred as of the balance sheet date and the amount of the loss can be reasonably estimated. These liabilities include allocable loss adjustment expenses, specific incremental claim adjustment expenses such as the cost of outside legal counsel, and a provision for claims which have been incurred but not reported (IBNR). Unallocated claim adjustment expenses have not been included in the calculation of the outstanding claims liability as management of the City feel it would not be practical or cost beneficial. In addition, based on the difficulty in determining a basis for estimating potential recoveries and the immateriality of prior amounts, no provision for subrogation or salvage has been included in the calculation of the claims liability. The claims liability reported in the accompanying financial statements for the Insurance Reserve and Workers' Compensation Funds is based on a discounted rate of 5.5% in anticipation of future investment earnings.

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Benefits, and Workers' Compensation Programs for the year ended September 30, 2000:

Schedule of Changes In Claims Liability

Fund	Liability Balance October 1,	Claims & Adjustments	Claims Payments	Liability Balance September 30,
Insurance Reserve				
Fiscal Year 1999	$ 16,531	$ 8,416	$ (6,416)	$ 18,531
Fiscal Year 2000	18,531	5,119	(5,119)	18,531
Employee Benefits				
Fiscal Year 1999	$ 3,415	$ 23,968	$ (23,968)	$ 3,415
Fiscal Year 2000	3,415	28,429	(28,429)	3,415
Workers' Compensation				
Fiscal Year 1999	$ 14,532	$ 7,245	$ (7,245)	$ 14,532
Fiscal Year 2000	14,532	8,496	(8,496)	14,532

(amounts are expressed in thousands)

13. INSURANCE (Continued)

B. CPS

CPS is exposed to various risks of loss including those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS purchases commercial liability and property insurance coverages to provide protection in event of large/catastrophic claims. CPS performs actuarial studies periodically to determine its liability for insurance reserves. An actuarial study was last performed in 2000.

In addition, CPS is exposed to risks of loss due to death of, and injuries to, or illness of, its employees. CPS makes payments to external trusts to cover the claims under the related plans. At January 31, 2000 and 1999, CPS has accumulated approximately $143,400 and $111,400, respectively, in these external trusts. The trust accounts and related claims liabilities are not included in CPS' financial statements. CPS has recorded $17,400 of expense related to these plans for the year ended January 31, 2000 and $12,000 for the year ended January 31, 1999.

In January 1999, CPS recorded estimates for landfill closure and dismantling and remediation of several gas powered units. Closure and postclosure costs were estimated for the Class I non-hazardous waste landfill in accordance with EPA regulations. Additional depreciation expense of $5,200 was recorded for this dismantling and remediation of the generating units.

Based upon the guidance of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the following information is provided regarding the changes in the insurance reserves for property, and employee and public liability claims for the years ended January 31, 2000 and 1999:

Schedule of Changes In Claims Liability

Fund	Liability Balance February 1,	Claims & Adjustments	Claims Payments	Liability Balance January 31,
Property Insurance				
Fiscal Year 1999	$ 4,680	$ 5612	$ (40)	$ 10,252
Fiscal Year 2000	10,252	7	(101)	10,158
Employee & Public Liability Claims				
Fiscal Year 1999	$ 3,369	$ 2,858	$ (2,687)	$ 3,540
Fiscal Year 2000	3,540	5,549	(3,486)	5,603

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(amounts are expressed in thousands)

13. INSURANCE (Continued)

C. SAWS

Risk Management

SAWS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

SAWS is self administered and self-insured for the first $300 of each worker's compensation and $250 for general liability, automobile liability and public official's liability claim whereby any claim which cost exceeded the self insured retention limit would be covered through SAWS' comprehensive insurance program. For the fiscal year ended May 31, 2000, there were no reductions in insurance coverage from the previous year. There was one claim that exceeded the self-insured retention limit for the fiscal year ended May 31, 2000. Settled claims have not exceeded the insurance coverage in any of the three prior fiscal years.

SAWS had recorded a liability in the amount of $2,863 as of May 31, 2000, which is reported as a current liability. The claims liability, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. The claims liability includes medical and rehabilitation costs, which are considered incremental claim adjustment expenses. Changes in the liability amount for the last two fiscal years were:

Schedule of Changes In Claims Liability

Year Ended May 31,	Balance at Beginning of Fiscal Year Liability	Claims & Adjustments	Claims Payments	Balance at End of Fiscal Year Liability
1999	$ 3,858	$ 1,436	$ (1,642)	$ 3,652
2000	$ 3,652	$ 714	$ (1,503)	$ 2,863

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(amounts are expressed in thousands)

14. DEFICITS IN FUND BALANCES / RETAINED EARNINGS

Special Revenue Funds

A deficit fund balance at year end is reported in the Home Program and the Community Development Program in the total amount of $33. The deficit is attributable to projects for which reprogramming of Home Program and Community Development Program funds will occur subsequent to year end. Upon reprogramming of funds, the deficit fund balance will be fully funded.

Following is a reconciliation of the deficit fund balance disclosed above to total Special Revenue Fund Equity reported in the Combined Balance Sheet as of September 30, 2000:

Budgeted on an annual basis - Fund Balances		$ 73,314
Budgeted on a project basis - Fund Balances		
Home Program and Community Development Program	$ (33)	
Categorical Grant-in Aid	2,858	
HUD 108 Loan Program	194	
Total budgeted on a project basis - Fund Balances		3,019
Blended Component Units		36
Total Special Revenue Fund Equity		$ 76,369

Enterprise Funds

As of September 30, 2000 a deficit retained earnings at year end is reported in the Golf Course System Fund in the amount of $862. This deficit is attributable to a decline in revenues in recent years due to increased competition by the private sector and extreme weather patterns. In addition, increased labor and equipment costs have contributed to the deficit. The City's Organizational Review Division within the Budget and Employee Services Department conducted a performance review of the Parks and Recreation Department's Golf Operations Division to address these issues. The results of this review were presented to Council in May 1999 along with recommendations, which would increase revenues and improve the quality of the municipal courses. These recommendations included fee increases, debt restructuring, capital improvements to the fairways, clubhouse, and restroom facilities. Included in these capital improvements was a computerized reservation system accessible twenty-four hours a day and upgrades to the computer systems. In addition, six golf professionals were added to the City golf staff in order to improve operations at each course. Implementation of the recommendations is ongoing and it is anticipated that the golf courses will become more competitive in the marketplace.

Following is a reconciliation of the deficit retained earnings disclosed above to total Enterprise Fund Equity reported in the Combined Balance Sheet as of September 30, 2000:

Airport System - Retained Earnings	$ 93,086	
Parking Facilities - Retained Earnings	10,150	
Golf Course System - Retained Earnings	(862)	
Solid Waste System - Retained Earnings	6,572	
Total Enterprise Fund - Retained Earnings		$ 108,946
Enterprise Fund - Contributed Capital		90,569
Total Enterprise Fund Equity		$ 199,515

(amounts are expressed in thousands)

14. DEFICITS IN FUND BALANCES / RETAINED EARNINGS (Continued)

Internal Service Funds

A deficit retained earnings at year end is reported in the Information Services Fund in the amount of $5,184. This deficit is attributable to depreciating contributed equipment, while not depreciating or amortizing the offsetting Contributed Capital in the reserve for equipment renewal and replacement component of retained earnings.

Following is a reconciliation of the deficit retained earnings disclosed above to total Internal Service Fund Equity reported in the Combined Balance Sheet as of September 30, 2000:

Other Internal Services - Retained Earnings		$ 31,790
Information Services		(5,184)
Self-Insurance Programs - Retained Earnings		
Insurance Reserve Fund	$ 7,346	
Employee Benefits Fund	12	
Worker's Compensation Program	7,471	
Other Self-Insurance Programs	107	
Total Self-Insurance Program - Retained Earnings		14,936
Internal Service Fund - Contributed Capital		38,811
Total Internal Service Fund Equity		$ 80,353

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(amounts are expressed in thousands)

15. CONTRIBUTED CAPITAL

Activity for the year ended September 30, 2000, related to contributed capital is as follows:

Proprietary Fund Type Contributed Capital

	Airport System	Parking Facilities	Golf Course System	Solid Waste System	Total Primary Government Enterprise Funds	Internal Service	Total Primary Government	Gas and Electric System (CPS)[1]	San Antonio Water System (SAWS)[2]
Contributed Capital, October 1	$ 79,344	$ 190	$ 5,526	$ 3,699	$ 88,759	$ 37,126	$ 125,885	$ 0	$ 571,830
Additions -									
Local Government						1,685	1,685		
Federal	3,440				3,440		3,440		
Customers									26,246
Intergovernmental									
Deductions -									
Amortization of Federally Contributed Fixed Assets	(1,630)				(1,630)		(1,630)		
Contributed Capital, September 30	$ 81,154	$ 190	$ 5,526	$ 3,699	$ 90,569	$ 38,811	$ 129,380	$ 0	$ 598,076

[1]For the fiscal year ended January 31, 2000
[2]For the fiscal year ended May 31, 2000

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(amounts are expressed in thousands)

16. FUND EQUITY

The amounts reported on the combined balance sheet identified as designated fund balance for the year ended September 30, 2000 are comprised of the following:

General Fund

Designated for Budget Carryforwards		$ 9,819
Designated for Revenue Loss		20,868
Total Designated – General Fund		$ 30,687

Special Revenue Fund

Designated for Budget Carryforwards		
Convention Center System Development Fund	$ 69	
Emergency Medical Services Fund	466	
Hotel Motel Tax Fund	437	
Street Maintenance and Improvement Fund	453	
Storm Water Operating Fund	216	
Total Designated for Budget Carryforwards		$ 1,641
Designated for Improvement and Contingency		
Hotel Motel Tax Fund	$ 9,006	
AlamoDome Fund	216	
Nelson Wolff Stadium	20	
Total Designated for Improvement and Contingency		9,242
Designated for Renewal and Improvement		
Hotel Motel Tax Fund	$ 1,296	
AlamoDome Fund	2,430	
Total Designated for Renewal and Improvement		3,726
Total Designated – Special Revenue Fund		$ 14,609

The above designations are utilized in the City's governmental funds to indicate plans by management to earmark an amount of fund balance for contingencies, future capital improvements, acquisitions, and capital expenditures. The General Fund designation for revenue loss increased $1,700 to $20,868 as of September 30, 2000.

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(amounts are expressed in thousands)

17. SUBSEQUENT EVENTS

A. City of San Antonio

Sale of New Money General Obligation Debt and Commercial Paper

The market environment provided an opportunity for the City of San Antonio to take advantage of the low interest rates and issue new money obligations to finance the City's on-going capital improvement program. On November 30, 2000, the City Council approved the sale of the following obligations:

$15,615 General Improvement Bonds, Series 2000A, maturing 2003 through 2021, with interest rates ranging from 5.250% to 5.375%.

$8,810 Combination Tax and Revenue Certificates of Obligation, Series 2000A, maturing 2003 through 2021, with interest rates ranging from 5.250% to 5.375%.

$1,755 Taxable Combination Tax and Revenue Certificates of Obligation, Series 2000B, Maturing 2003 through 2021, with interest rates ranging from 7.450% to 7.550%.

$6,415 Combination Tax and Revenue Certificates of Obligation, Series 2000C, maturing 2004 through 2020, with interest rates ranging from 5.000% to 5.500%.

Delivery of the proceeds from the Series 2000A, B and C obligations occurred on December 28, 2000. Proceeds of the Series 2000A obligations will be utilized to finance the construction of general improvements to the City, including streets and pedestrian improvements, drainage improvements, flood control with park improvements, parks and recreation facilities improvements, library system improvements, and public safety improvements.

Delivery of the proceeds from the Series 2000B obligations will be used to construct, acquire, equip, renovate, and repair public works including improvements to municipally-owned facilities including the Alameda Theater.

Delivery of the proceeds from the Series 2000C obligations will be used in connection with the Houston Street Redevelopment Project. The Houston Street Redevelopment Project is a $100,000 private and public economic development venture to revitalize commercial activity in San Antonio's downtown district.

On November 9, 2000 the City Council separately approved issuance of $35,000 Sales Tax Commercial Paper Notes, Series A. The proceeds from the sale of the Notes are to provide for the planning, acquisition, establishment, development, construction, or renovation of the "Parks Development and Expansion Venue Project" authorized at an election held on May 6, 2000 which includes the acquisition of open space over the Edwards Aquifer Recharge Zone ("Open Space Parks") and linear parks along Leon Creek and Salado Creek ("Linear Parks"), and the construction and improvements or additions to such Open Space Parks and Linear Parks.

B. SAWS

On June 29, 2000 SAWS defeased $12,570 of City of San Antonio Water System Revenue Refunding Bonds, Series 1992, which are part of the Senior Lien Water System Revenue Bonds. The Cash defeasance was accomplished with accumulated impact fee funds. The funds for the defeasance were used in the following manner. Bonds defeased $12,570, defeasance cost of $12, and accrued interest of $128, for total funds used of $12,710.

City of San Antonio
Texas

Required Supplementary Information

(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION - (UNAUDITED)
SCHEDULES OF FUNDING PROGRESS
LAST THREE FISCAL YEARS

FIRE AND POLICE PENSION PLAN--CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
10-01-99	$ 1,031,786	$ 1,256,746	$ 224,960	82%	$ 162,892	138%
10-01-98	903,555	1,160,023	256,468	78%	155,389	165%
10-01-97	808,423	1,092,814	284,391	74%	150,447	189%

TEXAS MUNICIPAL RETIREMENT SYSTEM--CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL (1)	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-99	$ 371,118	$ 475,605	$ 104,487	78%	$ 154,797	67%
12-31-98	343,424	434,544	91,120	79%	140,375	65%
12-31-97	325,436	421,858	96,422	77%	132,188	73%

CITY PUBLIC SERVICE ALL EMPLOYEE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-99	$ 563,400	$ 565,000	$ 1,600	100%	$ 138,500	1%
01-01-98	507,600	520,500	12,900	98%	129,100	10%
01-01-97	455,600	487,200	31,600	94%	123,800	26%

NOTES: (1) Abstracted from City payroll records.

(2) GASB Statement No. 27 requires the above trend information for a period of three years.

(amounts are expressed in thousands)

REQUIRED SUPPLEMENTARY INFORMATION - (UNAUDITED)
SCHEDULES OF FUNDING PROGRESS
LAST THREE FISCAL YEARS

SAN ANTONIO WATER SYSTEM - TMRS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-99	$ 40,495	$ 49,140	$ 8,645	82%	$ 48,145	18%
12-31-98	37,467	45,608	8,141	82%	48,672	17%
12-31-97	33,893	42,640	8,747	79%	45,630	19%

SAN ANTONIO WATER SYSTEM - PMLIC

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-00	$ 26,417	$ 46,229	$ 19,812	57%	$ 48,202	41%
01-01-99	23,553	45,391	21,838	52%	48,183	45%
01-01-98	22,237	37,123	14,886	60%	43,963	34%

NOTES: (1) GASB Statement No. 27 requires the above trend information for a period of three years.

(amounts are expressed in thousands)

City of San Antonio
Texas

Supplemental Information

City of San Antonio
Texas

Schedule of Expenditures of State Awards
(by Grantor, State Program and Grant Number)

CITY OF SAN ANTONIO
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

PROGRAM TITLE	GRANT NUMBER	CITY NUMBER
EXPENDITURES OF STATE AWARDS		
Texas Department of Economic Development		
Kelly Building 375 Modifications	480-8-8112	26-037001
Kelly AFB-Administrative Office Center Project	480-8-8110	26-037002
Kelly AFB-Potable Water Storage and Distribution System	480-8-8109	26-037003
Total Texas Department of Economic Development		
Texas Division of Criminal Justice		
Runaway Youth/4	SF-99-J07-12935	26-055297
Runaway Youth/5	SF-00-J22-14814	26-055301
Fire Training Program/4	SF-99-B01-4673	26-055296
Technical Unit Project/5	SF-99-N04-12929	26-055294
Total Texas Division of Criminal Justice		
Texas Automobile Theft Prevention Authority		
Regional Auto Crimes Team Project 1998-99	SA-99-T04-09296	26-031008
Regional Auto Crimes Team Project 1999-00	SA-00-T04-9330	26-031009
Regional Auto Crimes Team Project 2000-01	SA-01-T04-09364	26-031010
Total Texas Automobile Theft Prevention Authority		
Texas Comptroller of Public Accounts		
Tobacco Compliance Grant-Year 2	NONE	26-035002
Tobacco Compliance Grant-Year 3	NONE	26-035003
Women's Health Program 2000	NONE	26-035004
Diabetes Registry 2000	NONE	26-035005
Total Texas Comptroller of Public Accounts		
Texas Natural Resource Conservation Commission		
Pass Through - Alamo Area Council of Governments		
Compost Demonstration Site Project	98-19-G10	26-008012
Abatement Officer Program 1997-98	98-18-G08	26-008015
Source Reduction/Recycling Project	99-18-G04	26-008016
Code Compliance Enforcement Project	99-18-G05	26-008017
Code Compliance Enforcement Project 1999-00	00-18-G11	26-008020
Total Texas Natural Resource Conservation Commission		

CITY OF SAN ANTONIO
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

REVENUES			PASS THROUGH TO
GRANT	LOCAL	EXPENDITURES	SUBRECIPIENTS
$ 213,436	$ 1,250	$ 200,000	$ 200,000
1,640,039	29,527	1,669,566	1,669,566
305,750	6,139	311,889	311,889
$ 2,159,225	$ 36,916	$ 2,181,455	$ 2,181,455
$ 81	$ (33)	$ 48	$ 0
8,848	37,331	46,179	
1,232	490	1,722	
(206)	(169)	(3,790)	
$ 9,955	$ 37,619	$ 44,159	$ 0
$ 48,427	$ (52,947)	$ (4,520)	$ 0
862,532	1,642,680	2,505,212	68,315
84,583		84,583	
$ 995,542	$ 1,589,733	$ 2,585,275	$ 68,315
$ 7,163	$ 0	$ 7,163	$ 0
12,398		12,398	
118,966		118,966	
25,171		25,171	
$ 163,698	$ 0	$ 163,698	$ 0
$ 5,861	$ 0	$ 5,861	$ 0
7,475		7,475	
23,407		23,407	
25,332		25,332	
38,528		38,528	
$ 100,603	$ 0	$ 100,603	$ 0

CITY OF SAN ANTONIO
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

PROGRAM TITLE		GRANT NUMBER	CITY NUMBER
EXPENDITURES OF STATE AWARDS			
Texas State Library			
Library System Services - State Grant 1998-99		470.99011	26-018104
Total Texas State Library			
Texas Commission on Alcohol and Drug Abuse			
San Antonio Regional Detoxification Project 1998-99		08-0514-993-TRA	26-015012
San Antonio Regional Detoxification Project 1999-00		08-0514-993-TRA	26-015015
Total Texas Commission on Alcohol and Drug Abuse			
Texas Department of Human Services			
Personal Attendant Services Project 1998-99		TRC-PAS-5-1-99	26-024005
Personal Attendant Services Project 1999-00		UCN:60K8125I	26-017093
Personal Attendant Services Project 2000-01		UCN:60K8125I	26-017095
Total Texas Department of Human Services			
Texas Telecommunications Infrastructure Fund Board			
Technology Advancement Grant		QE-1999-LTA1S-1976	26-040001
UTHSCSA Internet Collaborative Project 1999	*	QE-1998-ICI1-1873	26-040002
Total Texas-Telecommunications Infrastructure Fund Board			
Texas Department of Health	*		
Special T. B. Outreach Project		746002070899-10	26-016029
Inner-City School Immunization Project		746002070899-11	26-016029
EPSDT Project		746002070899-12	26-016029
AIDS/HIV Support Project		746002070899-13	26-016029
CORE Public Health Project		746002070899-14	26-016029
Milk Sample Lab Test		7460020708A-99-1	26-016031
Title V Maternal & Child Health Project 1998-99		7460020708A-99-2	26-016031
STD Control Project		7460020708-00-8	26-016033
AIDS/HIV Support Project		7460020708-00-9	26-016033
CORE Public Health Project		7460020708-00-10	26-016033
Special T. B. Outreach Project		7460020708-00-11	26-016033
Inner-City School Immunization Project		7460020708-00-12	26-016033
Health Education Project		7460020708-00-13	26-016033
Refugee Health Screening Project		7460020708-00-16	26-016033
InKind-1		7460020708-00-1	26-016033
InKind-12		7460020708-00-12	26-016033
InKind-13		7460020708-00-13	26-016033
Subtotal Texas Department of Health			

*** MAJOR PROGRAM**

CITY OF SAN ANTONIO
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

REVENUES			PASS THROUGH
GRANT	LOCAL	EXPENDITURES	TO SUBRECIPIENTS
$ 9,540	$ 0	$ 9,540	$ 0
$ 9,540	$ 0	$ 9,540	$ 0
$ (19,472)	$ 0	$ (19,472)	$ 0
285,650		285,650	
$ 266,178	$ 0	$ 266,178	$ 0
$ 121,073	$ 3,395	$ 124,468	$ 0
229,462	9,733	239,195	
43,407		43,407	
$ 393,942	$ 13,128	$ 407,070	$ 0
$ 1,707	$ 0	$ 1,707	0
327,933	67,500	395,433	
$ 329,640	$ 67,500	$ 397,140	$ 0
$ (14,580)	$ 0	$ (10,963)	$ 0
5,958		6,937	
(16,757)		(16,757)	
31,100		2,171	
(17,962)		(10,279)	
2,898		0	
833,205		820,525	
77,515		77,515	
523,797		523,797	444,744
250,029		250,029	
190,805		190,805	
333,466		333,466	
247,261		247,261	
39,625		39,625	
	5,960	5,960	
	36,401	36,401	
	49,490	49,490	
$ 2,486,360	$ 91,851	$ 2,545,983	$ 444,744

CITY OF SAN ANTONIO
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

PROGRAM TITLE		GRANT NUMBER	CITY NUMBER
EXPENDITURES OF STATE AWARDS			
Texas Department of Health (Cont'd)	*		
Worksite Wellness Program 1999		4G344-9901-270	26-016034
Milk Sample Lab Tests		7460020708A-00-1	26-016035
Title V Maternal & Child Health Project 1998-99		7460020708A-00-2	26-016035
Special T. B. Outreach Project		746002070801-10	26-016040
STD Control Projects		746002070801-11	26-016040
CORE Public Health Project		746002070801-13	26-016040
Health Education Project		746002070801-14	26-016040
Inner-City School Immunization Project		746002070801-15	26-016040
InKind Personnel		LOCAL	26-016040
InKind-14		746002070801-14	26-016040
InKind-15		746002070801-15	26-016040
Title V Maternal & Child Health Project 2000-01		7460020708A-03	26-016043
Subtotal Texas Department of Health			
Total Texas Department of Health			
Children's Trust Fund			
Healthy Steps Project 1998-99		355-04-7-0050	26-012145
Healthy Steps Project 1999-00		355-04-7-0050	26-014001
Total Children's Trust Fund			
TOTAL EXPENDITURES OF STATE AWARDS			

* **MAJOR PROGRAM**

CITY OF SAN ANTONIO
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

REVENUES			PASS THROUGH
GRANT	LOCAL	EXPENDITURES	TO SUBRECIPIENTS
$ 2,900	$ 0	$ 2,900	$ 0
28,199		28,199	
139,446	1,131,625	1,271,071	30,610
10,000		10,000	
4,363		4,363	
12,158		12,158	
15,364		15,364	
15,441		15,441	
	42,147	42,147	
	4,641	4,641	
	3,509	3,509	
87,512		87,512	
$ 315,383	$ 1,181,922	$ 1,497,305	$ 30,610
$ 2,801,743	$ 1,273,773	$ 4,043,288	$ 475,354
$ (7,355)	$ 22,414	$ 15,059	$ 0
26,075	105,998	132,073	
$ 18,720	$ 128,412	$ 147,132	$ 0
$ 7,248,786	$ 3,147,081	$ 10,345,538	$ 2,725,124

CITY OF SAN ANTONIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

(1) The accompanying schedule of expenditures of state awards includes the state grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* and its Attachment (both referred to as "Audit Circular"). The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contract Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

(2) The Public Health State Support Project consists of various programs denoted as attachments to a single grant agreement with the Texas Department of Health. These programs are separately reported in the Schedule of Expenditures of State Awards. For the purposes of major program determination and testing in accordance with the *State of Texas Single Audit Circular*, the Public Health State Support Project was treated as a single program.

City of San Antonio
Texas

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With the State of Texas Single Audit Circular

KPMG

112 East Pecan, Suite 2400
San Antonio, TX 78205-1585

RJW

Robert J. Williams
Certified Public Accountant
P.O. Box 34058
San Antonio, TX 78265-4058

GARZA/GONZALEZ
& Associates
Certified Public Accountants
212 Stumberg, Suite 208
San Antonio, Tx 78204

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *STATE OF TEXAS SINGLE AUDIT CIRCULAR*

To the Honorable Mayor
and Members of City Council
City of San Antonio
San Antonio, Texas:

Compliance

We have audited the compliance of the City of San Antonio, Texas (the City) with the types of compliance requirements described in the *State of Texas Single Audit Circular* that are applicable to each of its major state programs for the year ended September 30, 2000. The City's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Texas Single Audit Circular*. Those standards and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended September 30, 2000.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the *State of Texas Single Audit Circular*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP Banez/Gonzalez & Associates Robert J. Williams CPA

February 23, 2001

City of San Antonio
Texas

Other Reports

City of San Antonio
Texas

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards And the State of Texas Single Audit Circular

KPMG

112 East Pecan, Suite 2400
San Antonio, TX 78205-1585

RJW

Robert J. Williams
Certified Public Accountant
P.O. Box 34058
San Antonio, TX 78265-4058

GARZA/GONZALEZ
& Associates
Certified Public Accountants
212 Stumberg, Suite 208
San Antonio, Tx 78204

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE *STATE OF TEXAS SINGLE AUDIT CIRCULAR*

To the Honorable Mayor
and Members of City Council
City of San Antonio
San Antonio, Texas:

We have audited the general purpose financial statements of the City of San Antonio, Texas (the City) as of and for the year ended September 30, 2000, and have issued our report thereon dated February 23, 2001. KPMG LLP and Robert J. Williams did not audit the financial statements of the discretely presented component units, with the exception of the City Public Service Board, which represents 26% and 20% of the total assets and total revenues, respectively, of the related combined total of the discretely presented component units. Garza/Gonzalez and Associates did not audit the financial statements of the discretely presented component units, with the exception of San Antonio Water System and Greater Kelly Development Authority, which represents 74% and 81% of the total assets and total revenues, respectively, of the related combined total of the discretely presented component units. Except as noted above, those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based solely on such reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *State of Texas Single Audit Circular*, issued by the Texas Governor's Office of Budget and Planning. The financial statements of the City Public Service Board and City of San Antonio Higher Education Authority were not audited in accordance with *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or the *State of Texas Single Audit Circular*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control system over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP [illegible] Gonzalez & Associates [illegible] CPA

February 23, 2001

City of San Antonio
Texas

Schedule of Findings and Questioned Costs

City of San Antonio, Texas
Schedule of Findings and Questioned Costs
State Grants
For the Fiscal Year Ended September 30, 2000

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:				Unqualified
Internal control over financial reporting:				
Material weakness(es) identified?	______	Yes	X	No
Reportable condition(s) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Noncompliance material to the financial statements noted?	______	Yes	X	No

State Awards

Internal control over major programs:				
Material weakness(es) identified?	______	Yes	X	No
Reportable condition(s) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Type of auditors' report issued on compliance for major programs:				Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of State Single Audit Circular?	______	Yes	X	No

Identification of Major Programs

State Agency	Name of State Program or Cluster
Texas Department of Health Grants	Public Health State Support
Texas Telecommunications Infrastructure Fund Boards Grants	Internet Collaborative Project

Dollar threshold used to distinguish between Type A and Type B programs:				$300,000
Auditee qualified as low-risk auditee?	X	Yes	______	No

City of San Antonio, Texas
Schedule of Findings and Questioned Costs
State Grants
For the Fiscal Year Ended September 30, 2000

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings required to be reported.

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings required to be reported.